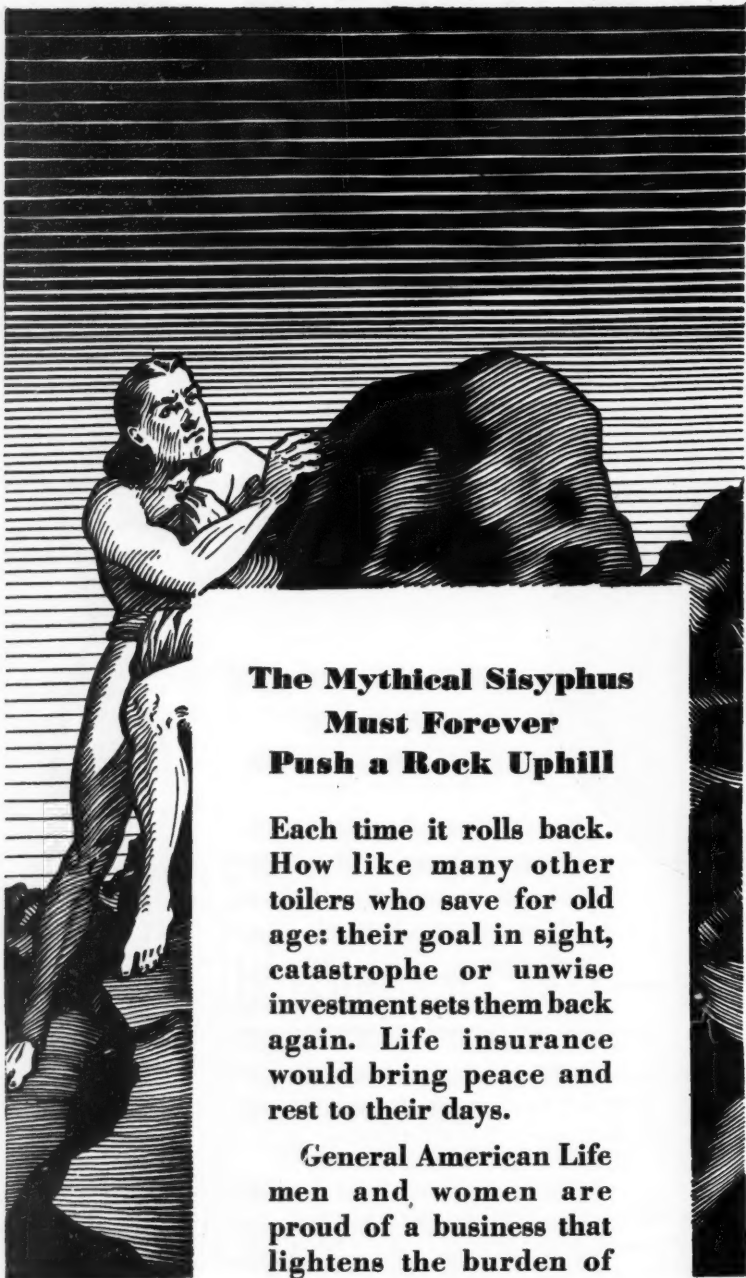


FRIDAY, JUNE 12, 1936



**The Mythical Sisyphus
Must Forever
Push a Rock Uphill**

Each time it rolls back.
How like many other
toilers who save for old
age: their goal in sight,
catastrophe or unwise
investment sets them back
again. Life insurance
would bring peace and
rest to their days.

General American Life
men and women are
proud of a business that
lightens the burden of
human hearts.



Saint Louis, Missouri

Life • Salary Savings • Group
Accident and Health



*IN Amount OF INSURANCE
Gained IN 1935**

**ONLY 7 U. S. and Canadian life com-
panies made a greater gain in amount of
insurance in force (group and industrial
excluded) in 1935 than did N^WNL.**

This record attests in a most forceful
way to the outstanding accomplishment
of the Agency Organization, both with
respect to the production of new business
and the conservation of old business in
the Company's 50th Anniversary Year.

Both in gain in insurance in force and
in new business written during the year
N^WNL ranked far above its logical posi-
tion on the basis of assets or insurance
in force.

**According to a tabulation in the April issue of the
Life Insurance Courant.*



**NORTHWESTERN NATIONAL
LIFE INSURANCE COMPANY**

O. J. ARNOLD, PRESIDENT

STRONG ~ Minneapolis, Minn. ~ LIBERAL

The National Underwriter

LIFE INSURANCE EDITION
A WEEKLY NEWSPAPER OF LIFE INSURANCE

Fortieth Year—No. 24

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, JUNE 12, 1936

\$3.00 Per Year, 15 Cents a Copy

Palmer Is Slated for Presidency

Illinois Official Picked as Probable Head of Insurance Commissioners' Body

ANNUAL MEETING IS ON

Large Attendance at the Gathering at St. Paul—Entertainment Program Is Most Interesting

By C. M. CARTWRIGHT

ST. PAUL, June 11.—The executive committee of the National Association of Insurance Commissioners side-tracked New York City for the December meeting and voted to go to Hot Springs, Ark., at the Arlington Hotel, the week of Dec. 7.

ST. PAUL, June 11.—All signs point to the election of Insurance Director Ernest Palmer of Illinois as the next president of the National Association of Insurance Commissioners. The election will take place at the executive session Friday morning. Seemingly there is no opposition.

Favorable to Palmer

The coalition group that put W. A. Sullivan of Washington, the present incumbent, in the high place at the Seattle convention is favorable to Mr. Palmer, who is now first vice-president. The point is made that because of his rank and tenure of office he is entitled to the place. Mr. Palmer is not making any personal effort to get the high office, but will accept if he is elected.

George A. Bowles of Virginia is second vice-president and undoubtedly will be moved up. The new constitution and bylaws clip off the office of second vice-president.

There is an unusually large attendance both of state officials and insurance men. A number of men not usually seen at commissioners' gatherings are on hand.

Will Meet in Hot Springs

The decision of the executive committee to hold the winter meeting in Hot Springs, Ark., at the invitation of Commissioner Gentry of that state was a diplomatic move to quiet the group that is somewhat leagued against New York and some other eastern states on the ground that too much power is concentrated in that section. The so-called Sullivan coalition element is strong and is now quite well organized. Commissioner Smith of Utah does not affiliate with the group.

Commissioner Holmes, Montana, chairman committee on unauthorized insurance, presided over a meeting. Lamar Hill, chairman American Bar Association insurance section special committee on the subject, stated he and his associates, F. E. Spain, Birmingham, and O. R. Beckwith, Aetna Life, had worked

DeCelles Presents Plan For Uniform Tax Basis

Commissioner DeCelles of Massachusetts, in an address before the annual meeting of the National Association of Insurance Commissioners in St. Paul, proposed a uniform system of insurance taxation on the part of the states.

He recommended that all state, municipal and county taxes be collected by the state and distributed by the state to the other subdivisions.

Fixed Standard Basis

There should be a fixed standard basis of taxation and not a multiplying group of varying charges. The reciprocal taxation process should be retained but only to prevent discrimination against foreign companies. Nationally some basis should be decided upon and a single tax should be confined to this particular basis.

The basis of net direct premium volume should be used.

Agencies should be taxed on net profits and on the same basis as any other business in the state.

The rate of taxation should be fixed so that the insurance business will bear its proportionate share of the general expense of government. No greater percentage charge should be made against this business than is made against any other business.

Making the Cost Less

Any relief that may be given in the matter of taxation should be handed down to the policyholder in the form of proportionately reduced rates, he said. If relief is to be given it should not be with the idea of making profit greater, but with the idea of making cost less.

Insurance taxes, he observed, are imposed to meet special expenses that benefit the business such as fire marshals, fire departments, etc., and to provide for the general revenue of the government. The problem is to simplify the taxing procedure so that the burden will be as light as possible and the payment as simple as possible.

He expressed the belief that the state should take back to themselves the right of taxing within borders of their own state and if it becomes necessary, because of financial reasons, to pass certain taxes back to the municipalities and counties, they can do so by having the state collect all taxes and be the licensors

with a commissioners' committee consisting of Blackall, Connecticut; Pink, New York, and Palmer, Illinois, and had drafted a model bill, with the hope that each commissioner would seek to have it passed in his state. If so, the commissioner could invoke the retaliatory statute against any other state's unauthorized companies that try to do business in his domain. A copy of this bill will be sent to all commissioners for study and the subject will come up at the December meeting.

Commissioner Dawson, South Dakota, claimed that the officials could do a lot

(CONTINUED ON LAST PAGE)

ing power, making such proportionate contributions to the subdivision as it deems necessary. If the actual tax cannot be introduced, the tremendous cost of collecting the tax can be reduced.

He pointed out that insurance companies in some of the states are forced to prepare hundreds of overlapping tax returns and often the cost of preparing the return is greater than the amount of the tax.

Insurance companies are taxed not merely to cover the expenses of supervision but also because they represent interests that are best able to meet the general expense of government. The state, according to Mr. DeCelles, has no right to tax insurance without due regard to the proportion of the tax that it levies on all other business and on all other corporations. There are three general methods of imposing the tax, he observed. First, upon the agent or broker as a sort of occupational tax, then upon the agency and third upon the company. The taxes upon the agent and agency, he contended, should be confined mainly to a standard fee for the right to do business. The amount should be nominal and the mere recognition that the state is the supervising official. A state should not fix high fees for the purpose of raising revenue or to "satisfy a group of selfish persons who wish to reserve the business to a limited group." If a state decides to tax the volume of business that an agency transacts, then the standard method of income tax upon net profit should be used.

Many Incorrect Returns

The bases of taxation are so varied and complicated that hundreds of companies file incorrect returns not necessarily through bad faith but on account of the fact that no human agency could ever interpret accurately some of the laws that legislatures have imposed upon the companies.

The first basis of taxation is a fixed fee or charge—license fee, admission fee and filing fee. This should be merely a control tax. It should be nominal.

The second basis is the percentage charge upon net profit. The state could not adopt this basis for a tax upon foreign corporations. It could be used in taxing the production end of the business in the individual state.

The third basis is the percentage charge based upon the value of property held by the companies.

The fourth method is that of a percentage charge on premium volume. If the other bases of taxation could be abandoned the premium tax would be an ideal basis for a single tax upon the business. He said if the National Association of Insurance Commissioners could establish a uniform basis for taxation, they could solve many of the tax difficulties.

He suggested that in computing net taxable returns, direct premiums minus return premiums, minus cancellations be used. He would not exclude from taxation premiums paid to reinsurers.

Boston Election Outlook Scanned

National Life Underwriters Body Has Problem With Fischer Not Available

VICE - PRESIDENCY ISSUE

Choice Seems to Be Among O. Sam Cummings, Holgar Johnson, Horace Mecklem, Zimmerman, Crane

Due to the fact that Chester O. Fischer of St. Louis has been appointed agency superintendent at the head office of the Massachusetts Mutual, much interest is being taken in the elections at the annual meeting of the National Association of Life Underwriters in Boston this fall. Mr. Fischer, who has been general agent for the Massachusetts Mutual Life at St. Louis, had been placed in the field by his friends for election as vice-president of the association, which would lead to the presidency in 1937.

No contest had developed and it appeared certain that Mr. Fischer would be the choice. He has been popular among members of the National association and has taken an active interest in its affairs. There was some question whether O. Sam Cummings, Kansas City Life, Dallas, would not enter the arena and seek the vice-presidency this year. However, at the mid-year meeting of the executive committee in Kansas City, word was passed around that Mr. Cummings would not be a candidate for vice-president this year, that he would prefer to be reelected secretary and then become vice-president in 1937.

Cummings Chances Studied

With Mr. Fischer removed from consideration, Mr. Cummings in many ways becomes a logical candidate. He has been a hard worker in the affairs of the National association for several years and is always very busy at the meetings.

Holgar J. Johnson, general agent of the Penn Mutual at Pittsburgh, will certainly go up the ladder some time and become the president. He might be the choice this year although the fact that A. E. Patterson of Chicago, who will be elected president at Boston, is also a Penn Mutual man, probably detracts from Mr. Johnson's availability this year.

Several others loom as possibilities, if not this year then in the near future. There is Horace Mecklem of the New England Mutual at Portland, Ore. He is probably the most active and prominent man from the Pacific Coast in the councils of the National association. He is now a trustee and would be eligible for election as vice-president. Then there is C. J. Zimmerman of Newark, who has become one of the most popular

(CONTINUED ON LAST PAGE)

Commissioners Give Views on Investments at Gathering in St. Paul

ST. PAUL, June 11.—A symposium of views on current investment problems of life companies was presented at the National Association of Insurance Commissioners' meeting here, those taking part being Commissioners Blackall of Connecticut, Bowen of Ohio, Deputy Commissioner John Speidel of Iowa and R. T. Cragin of Cragin, Morris & Co., Cleveland, O., real estate appraisal and mortgage loan firm which is directing the successful real estate bureau initiated some time ago by the Ohio department to value companies' real estate and mortgage loans.

Commissioner Bowen gave his reasons for starting the bureau, citing company failures involving unwise real estate investments. Some failures, he said, would not have occurred had there been a properly organized and operated real estate bureau of the department. He noted organization of the New York department's real estate bureau two or three years ago which Ohio is emulating in modified form.

Found None in Department with Necessary Experience

Mr. Bowen said he found no one in the Ohio department capable of properly evaluating real estate and first mortgage loans. W. A. Hilbert of Toledo, farm real estate expert, was employed to inspect and survey farm properties owned by or mortgaged to the companies. Mr. Cragin is the city real estate expert.

"I feel that it is very necessary to make a complete study because of the fact that the percentage of real estate owned and sold under contract will, in some instances, run as high as 50 percent of the total admitted assets of the company," Mr. Bowen said. "In other instances it seemed that the managements of some of the life companies had a flair for fancy home office buildings. In the cases of two companies the major part of their assets was tied up in home office buildings. In one case a theater was part of the home office property and was managed by the insurance company, totalling 70 percent of the assets."

He said it is not the idea to make a detailed study every year, but perhaps once in three or five years. A file of data will be built up available to the 225 Ohio companies. This service, he said, includes facts about crop and soil conditions, transportation facilities, flood

control and industrial centers. He recommended to all the commissioners establishment of real estate bureaus in their own jurisdictions.

Mr. Cragin said he found average surplus of insurance companies was less than 6 percent and in most cases companies having the largest proportion of foreclosed property had the lowest surplus.

Real estate and mortgages are so substantial a part of the average company's assets that an accurate picture of their worth is essential.

Finds Foreclosed Property Is Frozen in Character

"There is a great similarity between foreclosed property and frozen deposits," Mr. Cragin said. "In fact, they were largely caused by the same things and must be worked out in the same way."

Appraisals are at best only personal opinions subject to human errors, he said. Mr. Cragin found the volume of real estate and mortgages held infrequently so outweighed the reported surplus of a company that in many instances the question of solvency rested upon the appraisal returned and thus upon the appraiser's opinion. The department felt that while its duty was to assure the solvency of companies, it should not treat lightly the work of company officials in accumulating reserves for protection of policyholders. Also, it was recognized all elements determining value of property are in a state of flux and personal judgments are uncertain.

Mr. Cragin said an insurance department should be as much interested in what companies are doing or propose to do with properties held as in what they are worth, for these are not assets because the company holds them but because it can turn them into cash; how much cash depends upon how this is done. Business practices relating to real estate and mortgages are as important to future solvency as present fair book values.

The bureau devised a uniform appraisal form much more detailed than previous ones, the details being required for three purposes:

1. To force the appraiser to investigate and record details, which will be before him when making a decision;

(2) from these details and the appraiser's treatment the bureau can review the work; (3) the appraisal when properly made furnishes the company a complete current record of the property, conditions, earning power, surrounding neighborhoods and other factors affecting any decisions as to disposal of the property.

"Unless the appraisal is to be a true study of the property and its value there is no reason for having it," Mr. Cragin said. "It should be considered in the same way as an audit. It is an audit of conditions and progress. We have noticed that those companies which want quick, cheap, sloppy appraisals are the ones which had to foreclose owned property."

He said when appraisals are found acceptable they are tabulated along with book values of real estate and mortgages. Real estate items are adjusted through the appraisal figures either individually or in the reverse, especially large items on home office property being individually adjusted. Charges for home office rental are scrutinized and frequently adjustments are recommended or insisted upon. Real estate owned directly or indirectly is appraised except where it can be accurately gauged by large scale samplings, a formula being made satisfactory to company and department to apply to all properties, but never used to write up values.

Method of Handling Mortgages Is Given

Mortgages are classified and all more than a year delinquent, or with principal not reduced 20 percent, or about which there is other indication of questionable prospects, are appraised. If appraisal exceeds the mortgage plus delinquent interest, then in view of present market conditions they are considered sound; if the appraisal is less, a reserve is created accordingly. If the company has an unusually high volume of real estate due to excessive foreclosures—which Mr. Cragin said usually indicates faulty practice—or if the properties are particularly undesirable or interest collections especially bad, an additional amount is reserved for contingencies.

He emphasized that the department encourages companies to select their appraisers and depends largely upon review. A review of almost all Ohio life companies has been completed or is now

in process. Success of the bureau plan is due to no politics, patronage or favoritism, he said.

Mr. Cragin said there is an upturn in real estate but this does not end the companies' problems. An upward market will encourage some to hold on to properties too long. Each foreclosed property represents a mistake in judgment by someone, he said, and the companies may be mistaken again.

"A mortgage lender is a lender and not an owner," he said. "One of the worst things that can happen to some companies will be to make money on their real estate. This is a grand time to make mortgage loans—when you pick the good ones, and there are many good ones—but lenders with poor judgment are going to get burned again."

Excessive Foreclosures Due to Poor Loan Selections

Excessive foreclosures of some companies were primarily due to poor selection of loans and lack of amortization, he said. The greatest weakness has been poor and inadequate appraisals, confusing reproduction value with economic or market value. It makes little difference what the property cost; the important thing is what it will bring.

The lender always should bear in mind that the property recovered through foreclosure does not have the same element of value as when the loan was made. Expectancies have not been fulfilled. Appraisals made at the time of the loan are of no value as indicating true present worth at the time of foreclosure, nor are costs to the company. Use of such appraisals or costs as the basis of book value fail to reflect true condition of the company and, he said, creates a false base on which to plan the real estate program.

BLACKALL'S VIEWS

An element of danger exists in the present investment situation, Commissioner Blackall said in a talk on investment trends of insurance companies. Companies seeking larger investment income may sacrifice soundness of principal for greater yield. "There is a temptation to dispose of high-grade securities

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PROMINENT AT THE COMMISSIONERS' MEETING



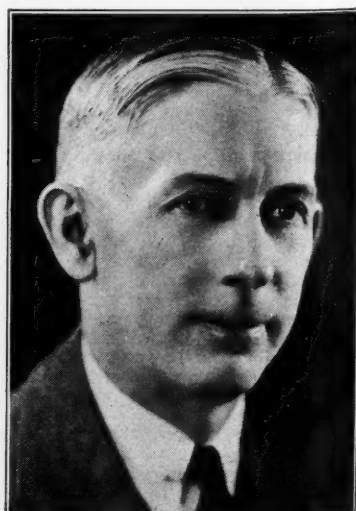
S. L. CARPENTER, JR.
California



E. A. SMITH, JR.
Utah



F. J. DE CELLES
Massachusetts



ROBERT L. BOWEN
Ohio

George R. Kendall Elected Head of H. & A. Conference

NOTABLE PROGRAM OFFERED

Dr. Huebner, L. J. Doolin, H. G. Weaver, E. W. Owen and R. K. Metcalf Among Outside Speakers

NEW OFFICERS ELECTED

President—George R. Kendall, Washington National.

Chairman Executive Committee—Sam C. Carroll, Mutual Benefit Health & Accident.

First Vice-president—John M. Powell, Loyal Protective.

Second Vice-president—A. E. Faulkner, Woodmen Accident.

Secretary—E. A. McCord, Illinois Mutual Casualty.

Executive Committee—S. C. Carroll (re-elected); J. H. Torrance, Business Men's Assurance, and C. W. Young, Monarch Life. Holdovers—O. B. Hartley, Great Western; C. W. Ray, Hoosier Casualty; J. E. Powell, Provident Life & Accident; Cary Groton, Pacific Mutual Life; Paul Clement, Minnesota Commercial Men's, and George F. Manzelmann, North American Accident.

The annual meeting of the Health & Accident Underwriters Conference, held in Chicago, set a record in point of attendance and interest manifested as well as in the quality of the program presented. The total registration was 207 members and guests, not including the 45 or 50 ladies in attendance.

Clyde W. Young, Monarch Life, the retiring president, received many favorable comments on the program. Much interest was aroused in the appearance of several speakers from outside the conference ranks, including Dr. S. S. Huebner of the University of Pennsylvania, L. J. Doolin of the Life Insurance Research Bureau; E. W. Owen, Detroit manager Sun Life of Canada, and H. G. Weaver, director customer research, General Motors Corporation, in addition to R. K. Metcalf, Connecticut General Life, president International Claim Association, who told how the claim department and its work could be made more valuable to the agency and underwriting departments. Definite programs for investments and for conservation work were suggested by D. W. Gordon and C. H. Munsell, both of the Monarch Life.

The special sessions on agency management and legal questions, started last year, were continued at this year's meeting.

Big Crowd to Hear Huebner

Although he appeared on the last day of the meeting, one of the largest crowds of the entire session turned out to hear Dr. Huebner's talk. Special invitation had been sent to all members of the Chicago Association of Life Underwriters, because of Dr. Huebner's outstanding prominence in the life insurance field, and many of them responded to the invitation. Possibly because of this additional attendance, he interrupted his prepared address at several points to include additional life insurance material.

Speaking on "The Economic Aspects of Accident & Sickness Insurance," Dr. Huebner emphasized especially the status of the family as an economic entity and the necessity for protecting this "family business" just as much as the business from which a man derives his livelihood. He pointed out, as in many former addresses, the dollar value of human life, and declared that people should treat themselves with the same common sense as their material possessions.

He listed the five outstanding hazards of life: (1) Loss due to premature death; (2) loss of current savings due to death or misfortune; (3) loss of thrift funds through demands on estate at time of death; (4) lack of provision for old age

THE WEEK IN INSURANCE

Annual meeting of insurance commissioners being held at St. Paul. **Page 1**

Much interest is taken in the presidential address of Commissioner Sullivan of Washington at the annual meeting of the National Association of Insurance Commissioners. **Page 4**

Commissioner DeCelles of Massachusetts proposes a uniform method of insurance taxation in paper delivered before meeting of National Association of Insurance Commissioners. **Page 1**

Company examinations constitute main issue at commissioners' meeting. **Page 7**

Commissioner O'Malley of Missouri makes fiery attack on fraternal at commissioners' meeting. **Page 6**

Annual meeting of the American Institute of Actuaries is held. **Page 7**

Issue over deductions allowed life companies in computing federal income tax. **Page 11**

Comment at actuarial meeting over the disability clause. **Page 9**

Bids for reinsurance of the business of the defunct Union Mutual Life of Des Moines are opened. **Page 6**

A revolving fund to protect policyholders of life companies taken over for liquidation is advocated by Superintendent

support, and (5) loss of current earning power and current savings because of sickness or accident. He said that life insurance is designed to meet the first four of these, while accident and health insurance should be included to meet the fifth.

On the second point, he referred to the feeling which has become quite prevalent in recent years that the savings which were wiped out by the depression might as well have been spent;

Pink of New York before St. Paul Life Underwriters Association. **Page 7**

Four officials named on staff of Equitable Life of New York—Murphy, Davis and Schelker vice-presidents, Dr. Daley medical director. **Page 12**

Premium volume, as in 1935, is increasing faster than new business total, Unique Manual Digest figures indicate. **Page 6**

George R. Kendall elected president of Health & Accident Underwriters Conference at annual meeting in Chicago. **Page 3**

Investment problems reviewed by insurance commissioners at annual meeting in St. Paul. **Page 2**

Second receiver is appointed for the National Standard Life of Little Rock; supreme court to decide case. **Page 7**

Effect of difficulty in making sales on quality of business is discussed in address of Dr. S. J. Streight before annual meeting of Medical Section of American Life Convention. **Page 10**

Pennsylvania Insurance Days gathering at Philadelphia sets record attendance; Pennsylvania Insurance Federation officers reelected. **Page 8**

Chairman C. A. Craig of the National Life & Accident is elected a member of the executive committee of the American Life Convention. **Page 6**

that the thing to do is to live in the present and let the government take care of the rest. In that connection he brought out the stability of life insurance as compared with other forms of investment and said that while a few companies had had to be taken over and liens placed on their cash values, if all of these liens had to be enforced 100 percent, the annual cost to policyholders would not be more than .1 of 1 percent.

(CONTINUED ON PAGE 22)

"Hence the Regret"

Before the present-day selling to cover specific needs, "Mr. Jones, don't you think you ought to take another \$5,000 or \$10,000?" was one of the commonest of approaches. All Home Offices see evidences of that type of selling in letters received from policyholders who are now completing payments on policies taken 20, 25, or 30 years ago. For example:

There is a genuine satisfaction in knowing that I have three paid-up policies. My regret is that I did not assume more insurance at my early stage in life. I was probably too conservative, not wanting to take on more than I felt sure I should live to complete, and not having the faintest idea that I could die before that time. Today I should like to have more, but my family expenses, including college, prevent. Hence the regret that I did not assume more insurance early.

If covering specific needs had been the attractive appeal, it is probable that this man would have managed to pay premiums and would not now, in middle life, be wishing that at the outset he had taken more. "Specific needs" is the only logical plea in life insurance salesmanship, in the majority of cases.

THE PENN MUTUAL LIFE INSURANCE CO.

WM. H. KINGSLEY, President

Independence Square

PHILADELPHIA

Feels Medical Directors Should Be "Business Men"

DR. F. M. BERESFORD SPEAKS

Provident Mutual Selection Official at
New York Association Meeting;
Officers Are Elected

NEW YORK, June 11.—The life insurance medical director is and must be a business man, to whom business considerations in life insurance medicine are relatively much more important than they could ever be if he were engaged in the practice of the art and science of his profession, Dr. F. M. Beresford, medical director Provident Mutual Life, told the New York City Life Underwriters' Association in a talk on the relationship of the medical department to the field man.

"In assuming the responsibilities of a business man he must enter into the thought, the spirit and the action of the best business practice," said Dr. Beresford. "In the spirit of modern business he must develop in himself and in his associates the understanding of the needs of the business in which he is engaged, and put into effective operation the methods necessary for his department to function as an important unit of his company."

"The relationship of the medical department to the company's field men," he said, "is, as it rightly should be, the business relationship of business men engaged in the cooperative effort to render a much needed and highly valued public service, in a manner calculated to win and hold the confidence, the respect and the good will of all concerned."

Amounts to Partnership

"The most satisfactory relationship which can exist between the medical department and the field force is that of a partnership in the interest of those already insured, those seeking additional insurance, and those applying for insurance for the first time."

Dr. Beresford said there is no basis for the recurring disposition of field men to believe that medical selection is being applied more stringently than it was in the years before the depression.

"Fortunately, such is not the fact," he declared. "By better and surer means of evaluation we are willing to consider favorably some risks which once were considered dubious, to say the least. Selection by hunches or impressions plays little if any part in our present procedure, which is a method of precision developed from a searching study of recorded group experience. There is now in operation the machinery by which a more uniform and equitable selection is possible than by the older methods in which the actuarial experience played a less prominent part."

Rejections Under 10 Percent

Most applicants who are rejected are those who seek insurance after they know or have good reason to suspect that they can not obtain it, said Dr. Beresford. The number of applicants rejected runs less than 10 percent, he said.

At the annual meeting of the association, Ralph G. Engelsman, general agent Penn Mutual Life, was elected president. Other nominees announced last month were also elected.

To Award Heron Trophy

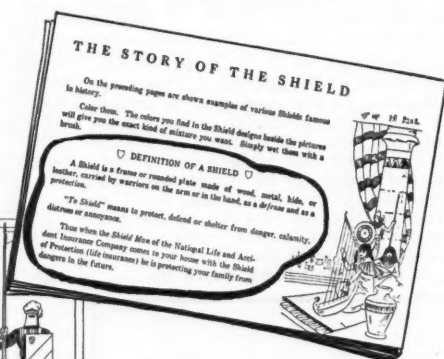
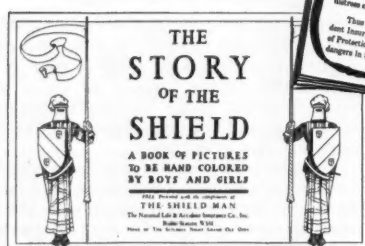
Former holders of the "Heron Trophy" met in San Francisco to select the life underwriters who in the opinion of the committee is entitled to receive the trophy this year. W. R. Spinney, Fidelity Mutual Life, who at the close of his term as president of the San Francisco Life Underwriters Association, was last year awarded the trophy, served as chairman of the committee of award, which is composed of all former holders of the trophy.



1,300,000 Prospects SINCE FEBRUARY

This sixteen page water color booklet has been taken across the doorsteps of 1,300,000 homes by our field men since last February.

In dramatic picture form the booklet tells the romantic story of the Shield throughout history, and gives colorful human interest background to the trade mark of this institution, the Shield Company—all backed up with a three times a week program, "The Story of the



Shield," over WSM's powerful 50,000 watts, the Company's own station.

This booklet is one of the many means developed by the Shield Company to help its 3,000 Shield Men in this year of 1936 when all previous company records are being shattered and the volume of life insurance in force now rapidly approaches the *half billion mark*—impressive evidence that the Shield Company helps its men shield millions.

GROWING GREATER EVERYDAY

**The NATIONAL LIFE AND
ACCIDENT Insurance Co., Inc.**



HOME OFFICE, National Building, NASHVILLE, TENN.
C. A. CRAIG, Chairman of the Board, W. R. WILLS, President



THE SHIELD
COMPANY

W. A. Sullivan for Uniformity in Law

Proposes Employment of Independent Commission to Draft Model Insurance Code

HITS THE TAX FERRETS

President of Commissioners Convention Suggests Study of Problem of How to Tax Fraternal Societies

ST. PAUL, June 11.—Those attending the annual meeting of the National Association of Insurance Commissioners here followed intently the presidential address of W. A. Sullivan of the state of Washington and were particularly interested in his recommendation that the association employ an independent expert commission to develop a model insurance code, and his condemnation of the practice of permitting private tax ferrets to make special examinations of companies under contract with the state and to his observations on the matter of taxation of fraternal organizations.

The code commission, he said, should delve into every phase of regulation and draft a setup that could be adopted by as many states as possible. Mr. Sullivan said there is every reason and need for such a program and ample precedent. He referred to the fact that commercial transactions attained interstate uniformity to a high degree through the uniform sales act and the uniform negotiable instruments laws.

Watch Illinois, New York

Pending such a program, the commissioners will watch with interest the legislative program being sponsored by Insurance Director Palmer of Illinois and the reconstruction of the insurance code of New York.

President Sullivan recalled that certain private firms of accountants and actuaries several months ago were endeavoring to secure the privilege of making routine and special examinations under contract with the various states. In order to consider the propriety of such arrangements, Mr. Sullivan brought the matter before several conferences of commissioners. At some of these conferences, resolutions were adopted setting forth the view that such a practice was not in keeping with the best interests of supervision.

Function of Examination

He expressed the belief that the function of examination is one of the most important performed by the insurance department and one which should be performed by men attached to the department, who are directly under the authority of the department, have the confidence of the commissioner and who have learned to respect the rules and ethics and the confidences which their duties require.

He contended that the present system of placing reliance upon the individual commissioner for the companies domiciled in his state with occasional recourse to conference examination if the need arise, is a practical and salutary method. The conference examination increases the facilities of most of the states which cannot maintain large, permanent staffs of examiners, he contended. It lightens the burden upon the companies, gives the commissioner of the domicile a new perspective regarding his own companies as well as the means for overcoming local political influences which frequently handicap proper action.

During recent months, the courts of several states, he recalled, have held that

Presides at Parley of the Medical Section



DR. S. J. STREIGHT

Dr. S. J. Streight, medical director of the Canada Life, is presiding this week at the annual meeting of the Medical Section of the American Life Convention in White Sulphur Springs, W. Va. He is chairman of that section.

premiums collected by fraternal are subject to premium tax upon the same basis as standard companies. Some courts have made the effect of their decisions retroactive. If these decisions are sustained by the supreme court, he declared, serious losses to fraternal are inevitable and may prove disastrous to some, because reserves have not been set up for this contingency. In view of the emergency, he said the association might undertake or authorize the development of some constructive program to avert or mitigate the hardship. "Sound fraternal insurance," he said, "fills a definite need in the United States and its protection and preservation is of paramount importance and interest to a vast number of our citizens."

Mr. Sullivan contended that through the device of interlocking directorates insurance institutions are tied to other types of enterprises in such manner as not to allow proper reflection of paramount policyholder interests. The interlocking directorate makes it easy to milk the assets of a company through "legal" means.

He also condemned the purchase and holding by insurance companies of large blocks of control stocks of other insurance companies or business corporations. This pyramiding type of operation, he said, threatens the "complete prostitution of the high ideals of insurance."

"It allows an individual or a small group of purposeful men," he charged, "whose actual investment and interest in the insurance company may be insignificant, to shape financial empires for themselves by and at the risk of the money of policyholders, and frequently to their certain disadvantage."

Mr. Sullivan expressed gratification that the federal revenue measure exempts insurance companies from the more onerous burden to be imposed upon other types of corporations.

Missouri Code Agitation

Much political mystery surrounds the circulation of initiative petitions on a proposed new insurance code for Missouri. Superintendent O'Malley, who advocated a new code during the last session of the Missouri assembly only to meet defeat at the hands of fraternal, has stated he is not interested in the initiative movement and has requested voters not to sign petitions. Fraternal leaders have also denied responsibility for the petitions.

Valuation Basis Adopted for the 1936 Statements

ST. PAUL, June 11.—The following resolution setting forth the basis for the valuation of securities in the Dec. 31, 1936, annual statements was adopted at the annual meeting of the National Association of Insurance Commissioners:

Resolved, that the book on valuations of securities to be published under the auspices of the National Association of Insurance Commissioners in January, 1937 shall be prepared upon the following basis:

1. Stocks and bonds (other than those described in paragraph 2 below) shall be valued at market quotations as of Dec. 31, 1936, except that in the case of securities not quoted on that date the latest available information shall be used. Stock valuations shall include dividends declared or accrued.

Municipal Bonds

2. Bonds of states of the United States and of provinces of the Dominion of Canada and political subdivisions thereof shall be valued as follows:

(a) Such bonds which are not in default shall be valued at the mean of the values established by the National Association of Insurance Commissioners for Dec. 31, 1935 and the market quotations as of Oct. 1, 1936, but in no case at values greater than the market quotations as of Oct. 1, 1936. Such bonds if issued in 1936, prior to Oct. 1, shall be valued at Oct. 1 market quotations; if issued subsequent to October 1, the original offering price (cost) shall be used.

(b) Such bonds which are in default shall be valued by the publishers of the Association Book on Valuations of Securities with such reasonable adjustments of market quotations as of Oct. 1, 1936 as are warranted by the circumstances involved in the separate issues. Such adjusted values should approximate the mean of the valuations established by the association for Dec. 31, 1935 and the market quotations as of Oct. 1, 1936 and shall be subject to review by the committee on valuation of securities.

Resolved, that for the inventory of stocks and bonds in the annual statements of insurance companies and societies as of Dec. 31, 1936, the following basis is recommended as fair market value:

1. All bonds amply secured and not in default shall be valued on an amortized basis wherever and in the manner permitted by law.

2. All other bonds—and where amortization is not permitted by law all bonds—should be valued as shown in the Book on Valuations of Securities published under the auspices of the National Association of Insurance Commissioners.

3. Stocks should be valued as shown in the Book on Valuations of Securities, except as hereinafter provided.

Value in the Aggregate

4. Stocks held by life insurance companies may be valued in the aggregate at the cost or book value, whichever is lower, provided the income received by such companies on such stocks in the aggregate, during each of the five years preceding the date of valuation, shall have been at a rate sufficient to meet the interest required to maintain policy reserves and other policy obligations, and provided further that the net investment income received by such companies on their ledger assets shall not have been less than required to maintain the reserve. This shall not apply to stocks of corporations in receivership or similar status. Cost as used shall be held to include stocks received as exchanges or rights received as dividends or otherwise at not to exceed the market value quoted on the date when acquired.

Further resolved, that in cases where the condition of insurance companies may require the immediate disposition of securities, it is recommended that the discretion of the state supervisory officials of insurance should be exercised to vary the general formula herein set forth, so as to adopt prices reflected by the exchanges.

it is here to stay. He raised the question of constitutionality of some provisions, prophesying Congress would reenact in constitutional form sections which may be ruled against by the U. S. Supreme Court.

Huge Fund a Problem

He attacked the huge reserve of an estimated fifty billions and said accumulation of this reserve means greater taxes than are necessary for the next 20 to 30 years.

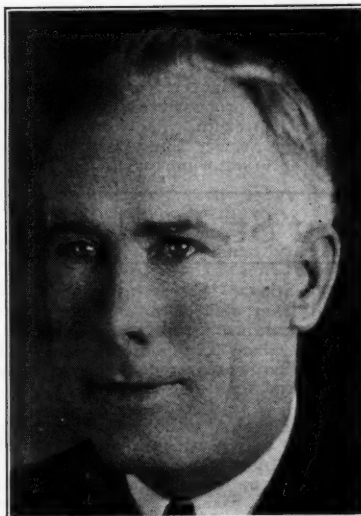
Touching on the unemployment phase of the act, he said the problems raised are difficult as no reliable, complete statistics are available. The plan needs a reserve. It will not have a real test until the next depression.

Mr. Thorpe said the state of public thinking today demanded a new chapter that "will explain the role of life insurance companies as unofficial reconstruction finance corporations; that life insurance dollars support the fundamental economic needs of American life."

Read Would Either Abolish Boards or His Department

OKLAHOMA CITY, June 11.—Commissioner Read has proposed the abolition of the state insurance board and the Oklahoma fraternal insurance board, or the insurance department, because of "conflict of authority, duplication of work and needless waste of energy." Another reason cited by the commissioner for the change is so that responsibility could be definitely placed for their various activities, and elimination of considerable work. Although the commissioner has never sponsored an active movement to this effect, he has felt for some time that such a move would considerably simplify handling insurance matters in the state.

True Likeness



C. G. MILLS

Above is the true, correct and handsome likeness of C. G. Mills, who has just been appointed district manager for the E. F. White general agency of the Connecticut Mutual Life of Dallas. Last week, an error was made and the picture of another was presented as being that of Mr. Mills. Here is the real article.

Mr. Mills first contemplated setting up headquarters in Tyler, Tex., but he has changed his plan and has taken office space in Longview, Tex., in the McWilliams building. He will have supervision over 14 counties in the east Texas oil field territory. For the last six years he has been manager of the Bankers Life of Iowa in Dallas and before that for eight years was the leading individual producer in the Dallas agency of the Bankers Life.

Examination Plan Is Biggest Issue at St. Paul Meet

ST. PAUL, June 11.—The big issue before the National Association of Insurance Commissioners relates to company examinations. A subcommittee of the examinations committee was appointed at the New York meeting in December to study the subject and report a plan to this convention. The committee consists of O'Malley, Missouri, chairman; Blackall, Connecticut; Tobin, Tennessee; Earle, Oregon; Mortensen, Wisconsin.

The proposal advocated by Chairman O'Malley and many others is to make convention examinations compulsory, so to speak, for all companies operating in three or more states every three years. This would eliminate cursory examinations by outside states and stop raids and unnecessary probes. It would give all states a chance to examine companies licensed in their domain. As the assignments would be in rotation it affords orderly procedure.

At present, most states report far more premiums written by outside companies than home institutions. Hence the officials advocating this plan declare they have an official responsibility for these outsiders that they can not throw off.

At present, a commissioner can ask for a convention examination for a company in his state or if an outside commissioner is dissatisfied with a company, he can appeal to the committee on examinations even in opposition to the home official. If the committee feels the examination is justified, the assignment is made.

It is argued that this arrangement has worked fairly satisfactorily although now and then personal investigations are made outside the authority of the association.

New York Chief Opponent

New York is the chief opponent of the O'Malley plan. It has a very competent staff of examiners, well paid and experienced. It does not participate in convention examinations. It does not examine outside companies unless by special request. It becomes responsible for its companies. It protests against incompetent examiners being sent in from other states. The argument is made that it is a useless expense and will only result in delay and friction. The New York people argue that it will open the way to grave abuses.

In spite of the attitude assumed by New York many commissioners from the distant points are determined to have a voice. There is undoubtedly a feeling of hostility toward New York and has been for some time. That is natural with the great state in its premier position, its many and large companies, its remarkable department. It is the old story of the country against the city, the small against the large, those with small means against the wealthy. New York has reached out and has assumed leadership and at times has been domineering.

At the meetings of the subcommittee, there was plain talk on both sides. Connecticut's Blackall joined New York in revolt and Wisconsin's Mortensen opposed the O'Malley plan. It is hoped by the time of the executive session, the wrinkles can be ironed out and a harmony program reached.

Notwithstanding the opposition to general convention examinations, it can be stated that most commissioners feel that the participation plan is logical and some scheme must be worked out so that the various commonwealths can have a voice. The commissioners are held accountable and hence they contend they should be parties to examinations wherever companies are located.

View Social Security Act

Merle Thorpe and Two Company Officials Present Criticisms and Conclusions at Pennsylvania Insurance Days Rally

Pointing to the power and light men, transportation men, the bankers, Merle Thorpe, editor "Nation's Business," in an address at the banquet of the 1936 Pennsylvania Insurance Days in Philadelphia warned insurance men not to treat too lightly the talk and tendency toward government operation of business.

"I know how dangerous it is to prophesy," he said, "and I seldom do it, but my guess is that unless this trend changes, we shall have political agencies substituted for our mutual and stock companies, as we know them today. Already in Washington one hears ominous plans regarding insurance, based on the fallacies that political officials can do the job much cheaper; that post offices could do the selling and save the policyholder the expense of 250,000 life insurance salesmen; and that it all could be absolutely guaranteed against loss if only the government were handling it. This is not idle ferment.

Threatens Life Insurance

"I believe, furthermore, that if this idea gains headway, as it seem to be doing, the fine flower of this American institution called insurance will wither and die."

His address, which was broadcast

over Station WFIL, also attacked the social security act, asserting that the question being asked today was whether "it really makes social security secure." He contended if the government plan were subjected to the same scrutiny as insurance companies, the states would label it "Blue Sky" and forbid its sale.

Two life company men also talked on social insurance. G. J. Edwards, Jr., president Industrial Life, spoke at the industrial health and accident luncheon conference, and F. P. Perkins, assistant actuary Aetna Life, spoke at the life conference.

Others in Decided Views

They said millions of people expect to receive benefits under the act far in excess of those actually provided, and they will be disappointed. They attacked the provision that the fund be invested only in obligations of the United States. Mr. Edwards said only a small portion of the population will receive any benefits but the act will impose, in effect, an income tax up to \$3,000 on all employees, and will turn the employer into a tax collector.

Mr. Perkins said the act was not an emergency measure, but a reform measure, permanent in nature, and he was about convinced in one form or another

Bids Opened for the Union Mutual Life of Des Moines

SEVERAL SHOW INTEREST

Central Life of Iowa, Life of Detroit, Occidental, Service Life, Praetorians Make Offers

DES MOINES, June 11.—Four plans for taking over the assets and business of Union Mutual Life of Des Moines were submitted to the receiver. Three were for reinsurance, and one called for rehabilitation by a new company to be called the Union Mutual Life Company, composed of Des Moines business men.

Reinsurance proposals were submitted by Occidental Life, Los Angeles; Central Life of Iowa, and Life Insurance Company of Detroit.

Rehabilitation Plan

The rehabilitation plan was submitted by W. A. Broquist, O'Dea Hardware Co.; Lee Hamilton, Hamilton Funeral Home; George O'Dea, O'Dea Finance Co.; W. L. Sargent, Sargent & Co., manufacturers; V. H. Sigler, Home Savings bank; Lynn Oxley, First Federal Savings & Loan Association; G. W. Richter, Capital City Savings Bank, and Ralph L. Jester, realtor.

Deposits of Union Mutual with the insurance department would be continued by the new company group and certain added deposits made. The group selected as its official board George O'Dea, chairman; Mr. Jester, president; Mr. Richter, treasurer, and Mr. Oxley, secretary.

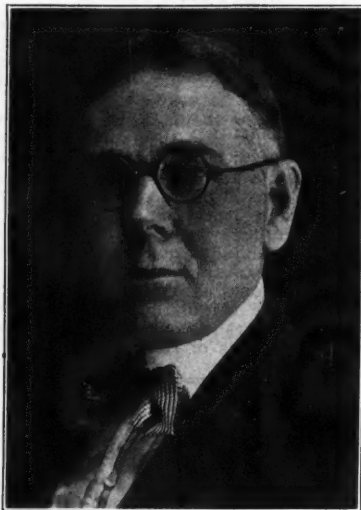
Two additional proposals, unaccompanied by the required \$10,000 certified check as deposit, were submitted. These plans were by Service Life, Omaha, for operation and management; and the Praetorians, Dallas, Tex., for reinsurance.

Central Life agrees to reinsure the business of Union Mutual, assume all policy liabilities without impairment, and all creditors claims.

Occidental Life Plan

Occidental Life proposed to reduce premium rates to a non-participating basis, that is, the company would reduce business written on a dividend

Fills Brandt Vacancy on Executive Committee



C. A. CRAIG

C. A. Craig, chairman of the National Life & Accident, has been elected a member of the executive committee of the American Life Convention to fill the vacancy created by the death of U. S. Brandt, who was president Ohio State Life. The decision was made at a meeting of the executive committee in St. Paul this week.

basis, to a non-participating status, and policyholders would not participate in the earnings of the company. Creditor claims would be assumed to the amount of \$13,000.

Life Insurance Company of Detroit introduced a similar plan to that of Occidental Life, except that the reduction process was spread over a series of percentages.

The receiver prepared a digest of all claims.

By order of the receiver and the court none of the proposals except one contained a lien claim. The exception was that of the Service Life which proposed a 10 year moratorium on policy claims.

Premium Volume Seems to Be Ahead of New Business

BETTER INDEX OF EARNINGS

Attractiveness of Life Companies' Contracts for Investment Purposes Responsible for Situation

NEW YORK, June 11.—As in 1935, first-year premium volume appears to be going ahead faster than new business volume. While due account must be taken of the various types of contracts issued and relatively smaller commissions on the highest premium forms, agency executives believe that the premium volume figure offers a much closer indication of agents' earnings from new business than does the new business volume figure.

New business of companies reporting to the "Unique Manual Digest" was \$16,384,863,202 for 1935 as against a 1934 figure of \$16,763,097,360—a drop of about 2 percent. New-premium volume, on the contrary, jumped from \$311,830,920 to \$377,203,603—an increase of about 21 percent. The same trend is apparent in comparing 1934 with 1933. First-year premiums on life insurance in 1934 were nearly 21 percent ahead of the 1933 figure, while new business volume increased only about 3 percent over 1933.

Many Sought Investments

One reason for this situation is that more and more of the buyers of new life insurance in the last couple of years have been persons with surpluses who were looking for security plus a rate of return that was increasingly attractive when compared with what was available elsewhere.

Another reason is that the cheap policies which were brought out to fit pocketbooks that had been hit by the depression are, like knee-action on automobiles, while still available, much less ballyhooed than they were when the paint was still fresh on them.

New Members of "Ad" Body

Six new members have recently joined the Life Advertisers Association, bringing the roster to an all-time high.

Mutual Benefit, Great Southern and Great American Life of San Antonio are new member companies represented respectively by H. A. Richardson, Sam R. Hay, Jr., and C. B. MacPhail.

M. S. Crockford, Excelsior Life of Canada, and J. D. McSpadden, Liberty National, are new associate-members representing companies already members. J. E. Chandler, Sun Life of Montreal, will represent that company, succeeding the late John Nelson.

the week end with Vice-President H. J. Cummings at his summer place.

John M. Powell, president Loyal Protective and Loyal Life, who attended the annual meeting of the American Institute of Actuaries at Minneapolis, remained over for the commissioners' convention.

Commissioner Sullivan of Washington, president of the commissioners' organization, and Mrs. Sullivan, arrived Saturday and were taken in hand by John A. Hartigan of St. Paul, inspector of agents Equitable Life of New York.

O. E. Aleshire, Chicago local agent and national treasurer of the Modern Woodmen, was at the convention.

Garfield Brown, former Minnesota Commissioner and an ex-president of the association, assisted on the reception committee. He will go to Chicago next week to take his new position with the American Mutual Alliance.

Commissioner and Mrs. Yetka of Minnesota established personal and official headquarters in the penthouse of the Lowry. They gave a luncheon Monday for the visiting commissioners, members of their staff and their ladies.

O'Malley's Attack on Fraternals at St. Paul Meeting

ST. PAUL, June 11.—Superintendent O'Malley of Missouri, fiery and pug-nacious, threw a hand grenade in the first session of the insurance commissioners meeting here following the presidential address of W. A. Sullivan of Washington, who paid tribute to the work the fraternals are doing.

Mr. O'Malley took the platform, objecting to the injection of the fraternal tribute, because he said the issue over these societies is highly controversial. He asked that the reference to fraternals be eliminated or if the president refused then he demanded a hearing so that his arguments could be marshalled.

He declared he had received many complaints about the methods employed by the fraternals. They are writing strictly old line contracts, use legal reserve rates and yet do not want to conform with requirements placed on companies of that class. He said they try to dodge rightful taxes and some states have brought suits to recover.

Growing more outspoken he asserted that many fraternal policyholders had been called on to suffer losses due to abuse of official privilege. Some societies, he contended, had spent large sums for transferring old policyholders to legal reserve basis. Old holders, he added, have been crucified. Fraternals, he said, write at legal reserve rates and yet at will can levy assessments and raise rates. He stated the issue is a serious one and he demanded opportunity to prove his position.

After Mr. O'Malley's fulmination, President Sullivan without further adieu or comment immediately introduced Superintendent McNairn of Ontario for his set address. On adjournment Commissioner O'Malley rushed to the platform to demand some expression from President Sullivan. The latter, evidently angered at the attack, replied that he intended to let the address speak for itself and hurried away from his aggressor.

The specific part of the presidential address to which Mr. O'Malley took exception stated that fraternals had not loaded their rates to provide for taxes and if they are taxed their whole structure might collapse. Commissioner Sullivan said he favors well regulated, well managed fraternals because they do a needful service. His remarks as to fraternals were:

"During recent months the courts of several states have held that premiums collected by fraternal organizations are subject to premium tax upon the same basis as standard companies. Some courts have gone so far as to make the effect of their decisions retroactive. If these decisions are sustained by the Supreme Court serious losses to fraternals are inevitable, and in some instances would likely be disastrous, due to the failure to maintain reserves against this completely unexpected expense. An emergency exists, and this association might well undertake or authorize the development of some constructive program to avert or mitigate this great hardship. Sound fraternal insurance fills a definite need in the United States and its protection and preservation is of paramount interest to a vast number of our citizens."

Commissioner O'Malley has blood in his eye and boldly states he intends to bring the fraternal issue to the floor of the open meeting before the convention closes.

Columbus Managers' Outing

The Columbus Life Managers Association, at its outing at Columbus, listened to an address by Melton Jones of the home office of the Travelers. The association decided to become a member of the Insurance Federation of Ohio. No more meetings will be held until September. The annual meeting will be in January.

Scribblings from St. Paul

Superintendent Pink of New York captured the cup for having the largest official brood in attendance at the annual meeting of the National Association of Insurance Commissioners in St. Paul. There were: First Deputy R. M. Clark, J. J. Magrath, chief of the rating bureau; C. A. Wheeler, casualty chief; Max A. Jameson, chief of the liquidation bureau; Nelson Hadley, life insurance chief; John Diefendorf, miscellaneous and fraternal; Charles Ryan, fire; Herbert Clark, title; Charles Dubuar, actuary, and Deputy T. J. Cullen.

Hector R. Ball, commissioner of Porto Rico, who made the trip in an attempt to win the 1937 convention for San Juan, was quite a favorite. This was his first trip to the United States and the conventioners took delight in pointing out to him the various sights. He landed in New York a week ago Monday and after scanning Broadway, he went to Washington for two days before embarking upon the commissioners' junket. He has some difficulty with the English language, but he is a jolly man and captivated all.

Only a handful of Chicagoans turned out Saturday evening to welcome and help entertain the crowd during the few hours after arriving from Detroit and before departing for Madison, Wis. B. J. Nietschmann, Chicago, man-

ager National Surety, was on the special train and he arranged a night club appearance for part of the crowd. At this place Commissioner Ball of Porto Rico was introduced by Sophie Tucker and took a bow.

B. A. Dugal, Quebec insurance superintendent and president Association of Canadian Insurance Superintendents; H. D. McNairn, Ontario superintendent; A. E. Fisher, Saskatchewan superintendent, who has held office since 1913, attended the convention.

General Chairman George W. Wells of the arrangements committee in charge of the local end of the insurance commissioners meeting at St. Paul had his hands full both before and during the convention. He practically gave up his work as secretary of the Northwestern National Life to devote his time to looking after the entertainment features, hotel accommodations, etc. He did a fine piece of work.

The two main hotels, the Lowry, where the business sessions and dinners were held, and the St. Paul, a block or so away were jammed to the roof. The overflow was taken care of at the St. Paul Athletic Club and the Minnesota Club.

Commissioner J. J. Holmes of Montana was the first to arrive on the scene, he registering Friday night. On Saturday he went to his old home office, the Minnesota Mutual Life, he having been general agent at Great Falls. He spent

Revolving Fund Is Advocated by Pink

Plan Would Be Similar to That Adopted for Compensation Business

WOULD PROVIDE SECURITY

New York Superintendent Urges Consideration of Proposal to Protect Policyholders

ST. PAUL, June 11.—A plan for the establishment of a revolving fund for the protection of policyholders of life companies which are taken over for liquidation was suggested by Superintendent Pink of New York before the St. Paul Life Underwriters Association, meeting in connection with the insurance commissioners convention here.

Speaking on "Insuring Insurance," Mr. Pink pointed out that the principle of protecting the policyholder by establishing security funds was adopted for workmen's compensation insurance a year ago in New York. North Carolina, New Jersey, Minnesota and Wisconsin have also adopted this plan for the protection of compensation claimants. In New York, two funds were created, one for stock companies and another for mutuals. One percent of all compensation premiums is paid into the state to guarantee payment of claims in event of liquidation, and the stock fund already amounts to nearly \$550,000.

Similar Plan Possible

A similar plan, stated Mr. Pink, could be applied to life companies and although very few have failed, even during the depression, such a fund would provide security for many of the smaller companies and would even lessen the distress in the case of one of the large companies. He analyzed the liquidation proceedings in New York for the past 20 years, pointing out that more companies failed in normal times than in a period of collapse. Mr. Pink stated that in general, however, loss from life insurance in recent years throughout the country has been extremely small. During this 20 year period, he revealed that a payment of one-tenth of 1 percent of the premium income, if invested, would have created a security fund of approximately \$25,000,000. Such a contribution, he pointed out, would be so small it would hardly be reflected in dividends or rates, and although the plan of a revolving fund would not be a complete answer to the problem of safety, it would be an important step forward.

Critics Are Attacked

He attacked critics of the plan who contend the theory is "bordering on Socialism." He pointed out there is nothing new or unique about the plan and said it has found favor in Austria and in Brazil. He cited the case of the Phoenix Life of Vienna, which has led to the suggestion of a central insurance fund supported by all companies to meet obligations.

"The theory upon which all our insurance is based," he continued, "is the spreading of the risk. Is it any more socialistic to spread the risk of a defaulting company than of a fire, a defaulting contract, or of sickness and death? If a revolving fund for the protection of policyholders against failure of companies borders on Socialism, then all insurance borders on Socialism."

Another critic states, "It would destroy every incentive for managerial integrity, agency prudence and public honesty. The inherently honest would suffer for the inherently dishonest and the entire insurance structure, thus becoming topheavy, might go to ruin."

Substantial Men Guide the Commonwealth Life

Judge Homer W. Batson, who was recently elected president of the Commonwealth Life of Louisville, was born in Cynthiana, Ky., Feb. 20, 1879. He graduated from Transylvania University in Lexington, Ky., and from the University of Michigan law school. He was admitted to the bar in 1900. He has been for many years a corporation lawyer of distinction and is senior member of Batson & Cary, formerly Bradley & Batson, in which association he started his law practice in Louisville soon after leaving college. He was at one time appointed by Governor Wilson as circuit judge of the common pleas branch first division Jefferson circuit court. He is past chairman of the Jefferson county Republican executive committee and trustee of the Louisville collegiate school.

H. W. BATSON



I. S. HOMANS

I. Smith F. Homans, vice-president and actuary and chairman of the executive committee of the Commonwealth Life, was born in Englewood, N. J., in 1875. He was educated at Blackhall school and Princeton University. Early in his career he was assistant actuary of the Union Central Life. He has successfully filled positions with the Commonwealth Life as actuary, assistant secretary and actuary, secretary and actuary, vice-president and actuary, and he was recently appointed chairman of the executive committee.

Mr. Homans' father, Sheppard Homans, Jr., was one of the pioneers of life insurance, having been actuary of the Mutual Life and later president of the Provident Savings.

Mr. Homans is a member of the American Institute of Actuaries and the Actuarial Society of America.

ing topheavy, might go to ruin." Mr. Pink pointed out this criticism is apparently based on fallacy or a misunderstanding because under the plan, policyholders, not companies, would be protected.

Effect of the Plan

"Unsuccessful or fraudulent management would suffer just as much under a revolving fund as without. A poorly run company would go out of existence just as quickly; the honesty and prudence of the agency force would meet with the same reward. Company officers must for their own protection build up a strong company. There is the same demand for ability, the same hope of progress, with the fund as without it."

Mr. Pink pointed out that under the plan mismanagement and waste will still result in suits against directors and officers. There will still be criminal actions when there is fraud and theft. On the other hand, all companies will be more than ever interested in proper and adequate supervision because they know that if a company fails, the common fund to which they have contributed will be used to pay policyholders and loss claimants. The tendency will be not to break down company managements but to strengthen them. Although there have been few life company failures, he emphasized that the serious consequences of a few failures over a short period of time on the business as a whole must not be overlooked.

Second Receiver Is Named for National Standard Life

BULLION ALREADY APPOINTED

Agree on No Action Pending Decision of the Arkansas Supreme Court in Case

LITTLE ROCK, ARK., June 11.—Walter L. Pope, former attorney general, was appointed receiver for the National Standard Life by Judge Mann in second division circuit court, duplicating a receivership created several days ago by the Pulaski chancery court with the appointment of Bruce T. Bullion, Little Rock attorney and former Arkansas commissioner, as receiver.

By agreement, neither receivership will function pending action of the Arkansas supreme court on a petition for a writ of prohibition, which will be filed soon. An immediate hearing will be sought. E. A. Henry, attorney appointed to assist Mr. Pope, and Lee Miles, attorney for the company, will cooperate in preparation of the petition.

Petition Is Filed

The petition filed before Judge Mann in behalf of Commissioner Gentry and Attorney-general Bailey charged the company has failed to meet obligations accruing to its Arkansas policyholders; that many complaints and suits had been filed but the company refused to pay its obligations although it enjoyed a substantial rental income from its Arkansas properties. It asked that the receiver make an inventory of the books and assets.

Although its assets are wholly in Arkansas the company was incorporated in Texas in 1923, and a short time later reinsured contracts of the Ancient Order of United Workmen, an Arkansas fraternal, amounting to \$11,000,000.

Withdrew from Arkansas

The company withdrew from Arkansas in 1932, and since then the total of its outstanding contracts dropped to \$2,000,000. As a result of the transfer of assets, the state charged the National Standard was left with only the old A. O. U. W. business and assets, rendering it impaired to a point of insolvency. Commissioner Gentry said that R. L. Daniel, chairman Texas board of commissioners, had refused to take action against the company. He charged the National Standard had been allowed to remove its books and records to Mississippi, which state has refused to permit it to do business.

Much of the distress as well as fear would have been obviated if there had been in existence a security fund of sufficient size to take care of any unusual situation which might have developed.

Other Plans Necessary

Mr. Pink stated that the revolving fund plan is not the sole remedy for the protection of policyholders. While it is one method, there are also other ways. More efficient supervision on the part of state insurance departments is one of them; closer cooperation between supervising authorities of all states and uniformity of laws is another. "There are many approaches to the common goal we all seek. Every practical plan for saving the policyholder from loss, for impressing the sacred character of the charge upon all who manage or supervise insurance, should be welcomed with open arms by those who have the welfare of the institution sincerely at heart."

Actuaries' Joint Meeting

The Actuarial Society of America and the American Institute of Actuaries will meet jointly this fall for their semi-annual gatherings. They will muster at White Sulphur Springs, W. Va., Oct. 26-28.

Annual Meeting of the Actuaries

R. C. McCankie Is Reelected President of the American Institute

CURRENT TOPICS ARE UP

Northwestern National Life Acted as the Official Company Host at the Minneapolis Conclave

OFFICERS ELECTED

President—R. C. McCankie, Equitable of Iowa.

Vice presidents—V. R. Smith, Confederation Life, and H. H. Jackson, National of Vermont.

Secretary—W. F. Poorman, Central of Iowa.

Treasurer—W. M. Johnson, Central of Illinois.

Librarian—E. L. Marshall, Lafayette Life.

Editor—J. S. Elston, Travelers.

New Governors—Marcus Gunn, California-Western States Life; Bruce E. Shepherd, Life Presidents' Association; R. G. Hunter, Equitable of Iowa.

By C. M. CARTWRIGHT

At the annual meeting of the American Institute of Actuaries in Minneapolis, R. C. McCankie, associate actuary of the Equitable of Iowa, was reelected president and his associates on the official staff were accorded the same honor. J. G. Parker, Imperial Life of Toronto, presented Mr. McCankie's name and paid tribute to him. Three members of the board of governors retired, they being ineligible for reelection. They were H. W. Allstrom, Minnesota Mutual; E. G. Fassel, Northwestern Mutual, and A. W. Larsen, Yeomen Mutual.

The Northwestern National Life was the local company host and it was liberal in its hospitality and courtesies. President O. J. Arnold is a charter member of the Institute and is a past president. Vice-president and Actuary J. S. Hale was in immediate charge of the local arrangements. Dr. H. W. Cook, vice-president, mingled with the actuaries. Other officials of the company were present at the social functions.

Current Topics Discussed

The life business has settled down and is free from its convulsive state of a few years ago which was reflected in the meetings of actuaries and other groups. There is no alarm now and no hysteria. The actuaries dealt with what might be termed permanent outgrowths of the depression era. For example all companies are studying the social security laws, federal and state; and their application to insurance. The effect of lower interest rates is a live subject, of course. The general discussion period was not reached until the last session and was opened by R. A. Hohaus, Metropolitan Life, in explaining its setup in gathering and assimilating data on the subject of social security. One unit is assigned the duty of assembling and digesting all possible material, keeping informed as to rulings and new developments. It works in cooperation with the legal and auditing divisions and ascertains just how compliance with the acts is to be effected.

O. W. Perrin, Penn Mutual, said his company places this work in charge of the secretary with an assistant secretary in primary charge. It is the company's thought that no program should

(CONTINUED ON PAGE 13)

Insurance Days in Pennsylvania Held

Great Crowd Pays Honor to President Kingsley of Penn Mutual Life

REELECT ALL OFFICERS

Banquet With Commissioner Hunt, Merle Thorpe and Others on Program Is Climax

All officers of the Pennsylvania Insurance Federation were reelected at the Pennsylvania Insurance Days gathering in Philadelphia. J. A. Stevenson, home office general agent Penn Mutual Life, was named a vice-president.

A banquet in tribute to W. H. Kingsley, recently elected president Penn Mutual Life, for his services to insurance and his charitable work climaxed the two-day meeting, which was sponsored by the federation. There were fire, casualty, accident and health, and life group meetings.

Some 3,000 agents, field men and company officials, representing every branch and phase of insurance, attended.

Stevenson General Chairman

Nearly 1,000 attended the opening luncheon, Mr. Stevenson, general chairman, calling the convention to order. He extended greetings in behalf of Philadelphia. J. C. Murray, Pittsburgh, past president and member executive committee, Pennsylvania Federation, responded.

At the business session the first day, former Gov. J. S. Fisher of Pennsylvania, board chairman National Union Fire, was unanimously reelected president of the federation.

Pittsburgh, which had the convention in 1935, was selected for the 1937 gathering.

At the banquet and dance the head table was filled with heads of Philadelphia home office companies, who with the more than 1,000 persons present vociferously paid tribute to Mr. Kingsley, "not for what he has done for insurance but for what he has done for the community." R. S. Morris, former U. S. ambassador to Japan, expressed the formal tribute. Mr. Fisher, toastmaster, also paid honor to Mr. Kingsley, who was federation president from 1928 to 1931. J. A. Stevenson presented Mr. Kingsley a silver smoking service, gift of the federation. Then Mr. Kingsley presented Secretary-Manager H. W. Teamer of the federation a sterling silver desk pen set.

Hunt Official Spokesman

Governor Earle of Pennsylvania was detained in Detroit, and unable to pay the official tribute, so Commissioner Hunt was the governor's representative.

T. B. Donaldson, associate manager Eagle Fire, Newark, nominated Mr. Hunt as a member of the federation, the commissioner being elected by acclamation. Mr. Donaldson was the only other Pennsylvania commissioner to become a federation member.

Merle Thorpe, editor "Nation's Business," guest speaker, warned of the danger of government taking over insurance, the address being broadcast by Station WFIL. Mr. Thorpe urged a fight against government in business and Governor Fisher and Mr. Morris upheld his views. Mr. Fisher strongly urged upholding the constitution, and Mr. Morris said Mr. Thorpe's address "expressed the Jeffersonian Democracy in which I was brought up," and also the fundamentals of American life.

E. R. Deaver, president Progressive Life, Health & Accident, stated that al-

Exemption in the Loneragan Measure Cut to \$250,000

WAS FORMERLY \$1,000,000

Despite Fact Bill Is Now Less Attractive, Insurance People Are Still for It

NEW YORK, June 11.—The Senate's reduction of the maximum size of estates to which the Loneragan amendment would apply from \$1,000,000 to \$250,000 considerably limits the field of prospects for this type of insurance, but it was felt desirable by proponents of the measure to make this concession rather than risk having the proposed amendment become the subject of a fight on the floor of the Senate and possibly be lost altogether.

Senator Couzens of Michigan proposed the change which made the limit \$250,000. It was known that he and Senator LaFollette of Wisconsin would fight the Loneragan amendment vigorously if the \$1,000,000 figure were not cut.

It is believed that the wiser course is to get the Loneragan amendment enacted, even for the lower figure, and then make efforts to get the limitation raised at another session of Congress. As matters stand now, the proposal, which would exempt from federal estate tax any life insurance earmarked for federal death duties, is in the hands of the conference committee of the House and Senate.

The conference committee cannot put the limit up again, as the procedure is that the committee cannot take actions which exceed any provision in the version passed by either the House or the Senate.

though the public is today more insurance-minded than ever before, the outstanding hindrance to the average agent is failure to visualize the possibilities in the accident and health field. He said the experience gained during the depression should be used as a stepping stone for future success. Although sales and collections were more difficult the last few years, the average agent should be improved by the experience and his job in 1936 should be much easier.

The success of new agents, Mr. Deaver declared, is in their own hands and their success will be automatic provided they have the necessary courage, determination and work. One important factor which offers an advantage to new agents today is the elimination of the old time cut throat competition. Cooperation is now the keynote, he stated. Another important factor is the social security act which, he said, will serve to advertise the business as did the war risk insurance act of 1917.

Commissioner Hunt Speaks

In addressing the industrial section at Philadelphia, Commissioner Hunt of Pennsylvania referred to the depredations of unlicensed companies. Thousands of people in the state are carrying insurance in such companies, much of which is worthless. During his administration, there have been more than 50 convictions for illegal insurance sales. The agent, in these cases, if he had any funds, has been compelled to make restitution to the victims. Many of these policies are sold at a dollar a month per \$1,000 of insurance, regardless of age and with no medical examination. When the claim comes, the company finds any one of a thousand excuses to deny liability. Sometimes when pressed hard, the "gyp" company issues a check, but the check turns out to be of no value. The department also has been conducting a publicity offensive against such concerns.

The life conferences—ordinary and industrial—were the high water mark, (CONTINUED ON PAGE 12)

Pickups at Minneapolis Meeting of Actuaries

The annual dinner of the American Institute of Actuaries was held at the Lafayette Club, 20 miles out of Minneapolis, on Lake Minnetonka. Dancing and bridge followed.

* * *

The Northwestern National Life was most active in providing local entertainment. It promoted the golf playing at the Minikahda Club the last afternoon. In the evening it gave a dinner to all in attendance at this club. At noon the last day the company entertained the ladies at a luncheon and bridge party and in the evening they joined the men at the dinner.

* * *

General Manager V. R. Smith of the Confederation Life of Toronto cabled his greetings from London where he is on a sojourn.

* * *

H. W. Buttolph, American Central, at the close, spoke of the generous treatment accorded the convention by the Northwestern National Life.

* * *

President R. E. Sweeney, State Life of Indiana, not qualifying as an actuary, attended the convention.

* * *

J. G. Parker, Imperial Life, will speak at the meeting of the International Congress of Actuaries next year at Paris. He represents the International's committee in Canada and M. A. Linton, Provident Mutual, in the United States.

* * *

Actuary W. H. McBride, National Life & Accident, rushed home to Nashville so that he and Mrs. McBride can drive to White Sulphur Springs, W. Va., to attend the Medical Section of the American Life Convention.

* * *

W. J. Isaac of The National Underwriter statistical staff, was present and received many compliments on the 1936 "Unique Manual Digest," he being associated prominently with its compilation.

* * *

Two state department actuaries were present, Thomas Barbeau of Minnesota, and M. R. Prenner of North Dakota. The former was previously general agent of the Farmers & Bankers Life.

* * *

H. H. Jackson, actuary National Life of Vermont, presided at part of the session the first afternoon in his capacity of vice-president. He is a humorist of the higher brackets and injected some sprightliness in the proceedings. In his appearance as a speaker he sparkles with ready wit.

* * *

The Shepherds three, famous brothers, eminent actuaries, added luster to the occasion. Brother Clinton O., former actuary Missouri State Life, who is now associate actuary of the Travelers; Brother Bruce E., former New Jersey department actuary, now actuary Life Presidents Association; Brother Pearce, former assistant actuary North American Reassurance, now assistant actuary Prudential.

* * *

Dr. Plinio Pessina from the home office of the Swiss Reinsurance of Zurich, was introduced by Vice-president Howard Oden, North American Reassurance, they being affiliated companies. Dr. Pessina is making a study of life insurance in this country. He is a major in the Swiss army.

* * *

In the registration and entertainment feature provided by the Northwestern National Life, Vice-president Hale was ably assisted by Collin MacKenzie, agency secretary, who is a nephew of President O. J. Arnold.

* * *

Some 30 young women from the home office of the Northwestern National Life were guests at the actuarial dinner and participated in the dance.

* * *

At the Northwestern National Life golf tournament Friday afternoon, C. F. Cross, Lincoln National, won low gross 86; John Powell, president Loyal Life and former actuary Columbian National Life, got low net, 71, with an 18 handicap. Leslie Cannon, Great West Life, got high gross, 142. President Arnold awarded prizes at the dinner.

Uniform Tax Basis Urged By Commissioner Smith

UTAH OFFICIAL GIVES VIEWS

Advocates Study to Determine Whether System of Levy on Net Income Could Be Applied

ST. PAUL, June 11.—E. A. Smith, Jr., Utah insurance commissioner, in making some observations on taxation at the annual meeting of the National Association of Insurance Commissioners said there is uniformity in state taxes to the extent that most states tax on premium return and not on net income. The tax varies from 1 to 3 percent. The average tax rate on premiums for all states is 2.13 percent. There are variations in some of the states to which the commissioner called attention.

On insurance taxation the companies pay on gross and not on net as do other corporations. Therefore the commissioner took the position that insurance companies are not taxed on the same basis as other concerns. He denominated the insurance tax as a privilege tax. He said he had seen the estimate that insurance companies pay a tax of 37 percent on their real net income. He took one year when he found that the companies paid a tax of \$64,000,000, which was 37 percent of their actual net income.

No Property in Foreign State

When a company domiciled in its home state enters another state, it has no property nor earned income on which a tax may be levied in the other state. It is but natural, therefore, that the state should tax premiums.

Commissioner Smith took the position that a tax on net income would appear to be the most reasonable one. But, he said, if an effort is made to shift the basis, those doing the shifting might find themselves in deep water when it comes to fixing just what constitutes net income. The true net income, he said, could be determined by the same methods of fixing that item for other corporations and should be handled as a simple matter of accounting. Insurance companies, he said should have no objection to a continuation of the premium tax so long as the state adopts a tax rate as to place the insurance tax on an equality with the state corporation income tax. He declared that the solution to the problem as to whether or not insurance companies are paying more than their share of taxes lies with the companies themselves. An effort should be made to determine the amount of tax that would be paid by them provided the same method were used in their case as is used in fixing the amount of corporation tax of other concerns. Definite steps, he stated, should be taken toward making the tax situation uniform in the several states.

Minnesota Official Is Host at the Convention

Frank Yetka, Minnesota insurance commissioner, is the official host at the annual meeting of the National Association of Insurance Commissioners in St. Paul this week. For a while, it was feared he could not be present. Mr. Yetka sustained serious injuries a few weeks ago in an automobile accident as he was motoring to his home at Cloquet over the week end. He was in the hospital there and 10 days ago started on his official duties at St. Paul, spending an hour or so a day at his desk. Infection set in affecting his intestinal tract. He went to the Mayo Clinic at Rochester, Minn., and after investigation and some treatment was able to return to St. Paul Sunday. He will be forced to take life more leisurely for a while.

Disability Specter Looms at Meeting of Actuaries

J. G. PARKER VERY OUTSPOKEN

Discussion Over Old Topic Arises in Connection With Paper by V. R. Smith of Confederation Life

The total and permanent disability ghost haunted the annual meeting of the American Institute of Actuaries at Minneapolis in the discussion of the paper read at a previous meeting by General Manager V. R. Smith of the Confederation Life who held that life companies were dodging their responsibility in trying to make this provision impossible to sell to the public. He cited the statistics of British companies to prove they had made a profit on their disability underwriting.

J. G. Parker's Retort

J. G. Parker, actuary of the Imperial Life of Toronto, opened fire on the arguments set forth by his fellow Canadian. He stated that with the variants introduced into the clause so rapidly it was impossible to draw any correct conclusions. It was a hodge podge orgy in North America, he claimed. If the British companies have written disability successfully for 50 years, Mr. Parker contended it was due to the fact that they were multiple line companies. They have had the advantage of capable and experienced underwriting, inspection and claim departments in handling accident and health business.

There is much difference, he asserted, between a company with such machinery and a life company whose sole operations are confined to life insurance.

The introduction of the disability clause, Mr. Parker pointed out, in the life contract had caused dispute and friction with policyholders, had created prejudice—a condition not found before.

Not a Life Company Function

The writing of disability benefits, he averred, is not a proper function for the life company. Its whole setup is created for life underwriting alone. It is not trained in either underwriting disability insurance or handling the claims.

Mr. Parker said it is a false procedure to allow agents to sell policies of life insurance with the disability provision as the chief bait. He stated that disability settlements had brought a bad odor to life insurance as a whole. Petty quibbling and forced compromises always accompany claim adjustments of this kind, he added.

Other Canadian speakers brought out the fact that companies now writing disability reduce the total amount to be paid women to one-third their income. There are further restrictions as to men such as age limit and percentage of disability benefit to wage income. All this has affected sales. It is said there are three Canadian companies writing disability on the monthly benefit plan.

Comment by Actuaries

One speaker stated that if a company intends to write disability it should be in a separate contract. Then the life and disability insurance can be underwritten separately and some of the old pitfalls can be avoided. Each rests really on different underwriting rules. It was said that with those companies still writing installment disability only 5 percent of the applications include it. One actuary declared that with the disability applications infrequent more laxity is likely. Where disability benefits are desired, it was contended, complete information should be furnished by the local examiner.

One Canadian actuary said that higher premiums are charged in the West Indies and the claim ratio is about 50 percent of the experience in Canada. He did not attribute this to the larger premium so much as to the fact that far more care is used in underwriting risks from that zone. Furthermore, he asserted, the

policyholders may not appreciate the opportunities for imposing on companies. This speaker said it is incumbent on a company to decide whether or not it finds it wise to continue allowing installment benefits when only 5 percent of the applicants desire this coverage.

Another Canadian actuary called attention to the difference between the British and Scotch companies as to writing disability and the practices on this side. In Great Britain the medical examination for passing on life and disability insurance differs. Special care is given to continuous disability applications. There are no disability benefits granted women. If change in occupation involves much more hazard provision is made for adjustment or even cancellation. No benefits are paid beyond ages 60 or 65.

Ontario Raises Agents Fees

The Ontario insurance department announces an advance in agents license fees, expected to add about \$50,000 to its revenue. For life, accident and sickness the fee is raised from \$3 to \$5. For other classes there is a new schedule, the fee being \$25 in municipalities of 50,000 and over, \$15 where population is from 25,000 to 50,000, \$10 where population is from 10,000 to 25,000, and \$5 in other places. General brokers are to pay \$25.

Administrative Scope in the Security Acts

ST. PAUL, June 11.—Commissioner Yetka of Minnesota in his talk before the National Association of Insurance Commissioners on the administrative problems of social security legislation, explained in some detail the procedure to be followed in collecting taxes from employers. There are to be 12 regional offices. An administrative problem of great magnitude, he declared, is the manner of collecting and paying the taxes. He spoke specifically of the fund for old age benefits.

Unemployment Compensation

Entirely distinct come the problems of unemployment compensation. He explained the chief features. State laws differ as to rate of contribution. He said:

"The duty of collecting the contributions involves a vast amount of detail in connection with the preparation of various information blanks and return and report forms, as well as the promulgation of rules and regulations necessary for the information of both employers and employees. It involves, also, the mechanical problems of the collec-

tion of taxes from such a wide-spread source and the establishment of proper accounting records covering such payments and of the settlement of disputes regarding the basis of contribution payments.

"Most of the acts vest in the administrative body power similar to those possessed by the insurance commissioner of the various states for the examination of the books and records of employers and the securing of desired information.

Changes Will Probably Be Made

"Fortunately for the peace of mind of such authorities, benefits will not be payable in any state, except Wisconsin, until 1938. This will allow additional time to prepare the mechanism necessary to take care of the immense detail of this phase of their work. For the reason that such payments are so postponed and the ever present possibility that changes will be made in the various acts prior to that time, we shall omit any detail concerning the administrative problems that will arise in this respect. The magnitude of this task will be very apparent, however, from an understanding of the various statutory requirements defining total unemployment and partial unemployment, and the conditions of eligibility for benefits.

"There are various individual pro-



OLD POLICYHOLDERS

in this company write our best testimonials when they buy their new policies from us. Such satisfied clients accounted for over 50% of the new business during March in five of our agencies.

We offer these helps to our field force:

1. A Liberal General Agency Contract.
2. Financing Plan for Agency with Accounting Methods that Guide you Successfully.
3. A Detailed Plan for Finding . . . Training . . . Financing Men.
4. A Unique Supervisory System.
5. Tested Sales Helps and Organized Selling Plan.
6. A Policy for Every Purpose . . . Juvenile, Women, Group, Wholesale, Etc.
7. A Substantial 50-Year-Old Mutual Company with an Understanding, Co-operative Home Office . . . Not too big to KNOW YOU, Yet Big Enough to Command Respect Everywhere!

Our booklet "FACTS"
will be sent on request

**THE MINNESOTA MUTUAL
LIFE INSURANCE COMPANY**
SAINT PAUL, MINNESOTA

visions found in certain laws that will create local problems in particular states. There are also broad general problems such as the study and investigation and the operation of the various state statutes and the study of the broad problem of unemployment which could well involve the use of expert research and statistical devices of the various state administrative bodies. A study of the magnitude of this task may afford some small measure of consolation to the administrators of insurance laws by a realization that legislative bodies are imposing worries of a high order upon other branches of the governmental structure.

Occidental Life, California—Established in May new all-time record in production, \$15,675,629, a gain of 118 percent over May, 1935. Business applied for for the year to June 1 totals \$45,505,000, a gain of \$18,747,000, or 69 percent.

Effect of Sales Difficulty on Quality of Business

DR. STREIGHT EYES PROBLEM

Chairman of A. L. C. Medical Section
Gives Views at Annual Meet—
Dr. Raymond Pearl Heard

WHITE SULPHUR SPRINGS, W. VA., June 11.—The quality of life insurance submitted to companies in these times conceivably may be impaired by the greater difficulty in making sales, Dr. S. J. Streight, medical director Canada Life, declared in his address as chairman of the Medical Section of the American Life Convention in the opening session here.

Agents more than ever should have

character and finely developed moral sense, for such a type selects prospects of character, he said.

"Life insurance represents the greatest stewardship in the world today," he said. "It has been built upon faith, confidence, fidelity and security. Our problem is to understand and interpret the significance of disease in its relation to the continuance of life.

"It is important that our decisions should be in accord with recognized clinical opinion and that they should appear reasonable to our corps of able examiners, who frequently are called upon to interpret our action to both applicant and agent. Through the exercise of sound judgment in our decisions we will inspire confidence."

Medical directors, he said, from time to time should examine their position, especially with reference to the relationship with the sales force. If best results are to be secured in selection, an effort should be made to train agents to select good business, conserve their time and save themselves disappointments from working on barren soil due to lack of selection knowledge. He stressed the frequency of incomplete or insufficient information about an applicant, saying decisions based upon inadequate investigation are unlikely to be the most satisfactory. Agents should be impressed with a realization that theirs is the primary responsibility for the class of business submitted.

"The greatest asset a company can have," Dr. Streight said, "is a loyal, well-trained agency force which has a thorough appreciation of its responsibility to select business of such quality as will be likely to produce a favorable experience both for persistency and mortality."

Greetings were extended for the Association of Life Insurance Medical Directors, by Dr. E. F. Russell, medical director Mutual Life of New York, president of the association, and from the American Life Convention by President G. S. Nollen, head of the Bankers Life of Iowa, and by Col. C. B. Robbins, manager and general counsel of the Convention.

Genetics and Biology

Importance of life companies' studies of human genetics and biology was stressed by Dr. Raymond Pearl, professor of biology, Johns Hopkins, Baltimore. A little more work in this direction done routinely by life companies, he said, with advice and cooperation of trained human biologists, would advance the knowledge of the natural history of disease, mortality laws and life duration, and thus would greatly benefit life companies and policyholders.

Life companies' medical departments, he said, have a "remarkable and unique opportunity" to give public service in this direction. They can regularly collect data on problems of human biology of a kind and in numerical magnitude nowhere else possible.

He said that "innate biological constitution may play a significant and possibly important role as a factor in the etiology of cardio-vascular-renal disease." Death follows quickly, he said, upon cessation of heart or renal functioning.

Heredity and Disease

Dr. Pearl gave figures for 1932 showing that more than 40 percent of all deaths of white persons were assignable to diseases or defects of the cardio-vascular-renal organ complex, nearly 25 percent being due to diseases specifically classified as of the circulatory system and the remainder being about evenly divided between the cerebral circulatory breakdown and the different forms of nephritis. With the colored race the total percentage is only about 30 percent, but in both racial groups, he said, the proportionate mortality is impressive. Laboratory studies at Johns Hopkins, he said, indicate that more stringent natural selection in part explains the better results in the colored races.

The study of heredity in its relation to disease, he commented, is difficult,

because "in the pedigree of disease it is quite impossible to say what it is that is inherited—if anything. There is also no precise or valid indication from these pedigrees as to the mechanism of inheritance, if it be granted that something has been inherited."

This data, however, he said, strongly suggests that families have a tendency in common towards a particular type of biological constitution, but there is insufficient evidence to justify the theory that a particular disease of this type is inherited as a definite entity.

He touched on an interesting study of body weight-ratio conducted by the laboratory, showing that cardinals were stouter, stockier and heavier in build than non-cardinals. Application of the body weight-ratio (ten times body weight in kilograms, divided by stature in centimeters) showed nearly a point less for non-cardinals. Chest expansion index was significantly smaller for cardinals than for non-cardinals, he said.

Study of the problem from the angle of general health, mortality and longevity, he said, showed definitely lower level of vitality for patients with some form of cardio-vascular-renal disease. Considering the four classes of kin, he said, those not having the disease had vitality 4.6 percent superior to the others, which translated into longevity, he said, was 2.6 added years of life per person on the average.

This paper was discussed by Valentine Howell, associate actuary Prudential; Dr. J. K. Gordon, assistant medical officer Sun Life of Canada, and Dr. H. W. Cook, vice-president and medical director Northwestern National Life.

One of the most enjoyable features of the Medical Section program was the golf tournament, of which Dr. Cook of the Northwestern National acted as chairman. Prizes were donated by American Service Bureau, Canada Life, Lincoln National, National Life & Accident, North American Reassurance, Retail Credit Company, and Northwestern National.

Ninety Agents Qualify for Million Dollar Round Table

Ninety life agents have qualified so far this year for the Million Dollar Round Table, which will hold its annual breakfast Sept. 22 at Boston during the annual meeting of the National association.

The following Chicago agents qualified: Harry T. Wright, who is chairman of the round table; Louis Behr, J. E. McNamara, John Morrell and Harry Steiner, all of the Equitable Life of New York; Paul W. Cook, Mutual Benefit Life; Robert M. Hirsch, Mutual Life of New York; Samuel Kahl, Penn Mutual Life; Albert L. Lanphear, Equitable Life of Iowa, and M. D. Vail, broker.

Plans are being made to hold a golf week end for members prior to the convention, probably at the Oyster Harbor Club, Osterville, Mass. This year the committee is requiring every agent to submit letters from managers or general agents substantiating his qualifications, which is expected to cut down the enrollment somewhat.

State Mutual Record

State Mutual Life reports unique record for nine consecutive months, in each of which it has recorded gains over the same month a year back, a gain of 6 percent being made for the first five months this year. Issued business for May, due to campaign in honor of Stephen Ireland, vice-president and superintendent of agencies, was largest recorded since March, 1932.

William C. Peck, new Illinois manager Reliance Life, reports a 54 percent written and 81 percent increase in new business for May, over May, 1935. Mr. Peck and five associates are leaving Saturday for the regional conference at Hot Springs, Va., next week. Mr. Peck will visit Washington and Pittsburgh on business before returning to Chicago.

GREAT SOUTHERN LIFE PERFORMANCE

Over a Quarter of a Century of Life Insurance Service

Disbursing: To Living Policyholders \$27,684,716

To Beneficiaries \$21,884,492

Offering Complete Life Coverage Under Both Participating and Non-Participating Contracts

Operating in the Eight States of the Great Southwest

Building Through a Field Force of More Than 1,000

Life Underwriters, Each Holding Contract Direct with the Company.

Achieving an Institution with:

More Than \$227,000,000 Insurance in Force

More Than \$43,000,000 in Assets

More Than \$4,700,000 in Capital and Surplus

GREAT SOUTHERN LIFE INSURANCE COMPANY

E. P. Greenwood, President

HOME OFFICE: HOUSTON, TEXAS

Interest Deductions and the Federal Income Law

FEW POINTS STILL DISPUTED

Bruce E. Shepherd Relates the Most Recent Decisions That Have Bearing on the Subject

At a previous meeting of the American Institute of Actuaries, Bruce E. Shepherd, actuary of the Life Presidents Association, presented a paper on "Interest Deductions Under the Federal Income Law" which was discussed at the annual meeting at Minneapolis last week. There are still some definite issues between the internal revenue department and companies on certain items. The question arises as to what constitutes the reserve required by law. The companies have had to recede from some positions they took on items they contended should be deducted or which constituted reserve. It was hinted that a legal contest may be started to have some of the disputes settled. One of the questions arising is over supplemental contracts. One speaker suggested it might be wise to redraft the wording of these forms to show how much interest is paid on each installment. There are disputes over interest on disability reserves.

One speaker stated that no ruling had been made as to interest on liens where a failed company had been taken over.

Comment by Mr. Shepherd

Mr. Shepherd stated that since he prepared his paper the judicial machinery has produced additional decisions upon this subject some of which tend to point more clearly to previously indicated trends and some which add to their obscurity. Speaking further he said:

"The board of tax appeals in the Equitable case held that active life reserves for non-cancellable accident and health policies and claim reserves for unaccrued accident and health benefits were reserve funds required by law. Claim liabilities for benefits already accrued however were held to be only 'solvency reserves.' It is to be noted that the bureau of internal revenue is not following this decision with respect to total and permanent disability reserves, although the principles involved are identical.

Conflict of Opinion

"A conflict of opinion appears to have developed with respect to the question of whether or not the provisionally apportioned allotments to the deferred dividend fund constitute a reserve fund required by law. In *Helvering v. Missouri State Life 78 Fed. (2nd) 778*, the circuit court of appeals for the 8th circuit held that this liability was not an indebtedness as contended by the company, but was a reserve required to be held. The latter part of this statement, that this liability is a reserve required by law, which is directly in conflict with that in *Minnesota Mutual Life v. United States*, probably should be regarded as dictum and not law, inasmuch as the sole question at issue was whether this liability was an indebtedness on which interest could be deducted.

Position Was Reversed

"Consistent with this dictum in the *Missouri State Life* decision, although the facts in the cases are not identical, the circuit court of appeals for the 7th circuit has reversed the position taken by the board of tax appeals in *Farmers Life v. Commissioner, 27 B. T. A. 423* by finding that the survivorship investment fund liability of the *Illinois Life* was a reserve fund required by law, *Commissioner v. Illinois Life, 80 Fed. (2nd) 280*.

"Supplementing the decision in *Massachusetts Mutual v. United States, 56 Fed. (2nd) 897*, the Board of Tax Appeals has held in *Equitable v. Commissioner, 33 B. T. A. 708* that the liability for dividends left to accumulate at in-

terest is not a reserve fund within the meaning of the federal act. The force of *Helvering v. Inter-Mountain Life* is now clearly evident. The Board of Tax Appeals has added to its record two more decisions reversing its original position in this leading case and the circuit courts of appeals for the 8th and 10th circuits have also swung into line. See *Great Southern Life Co. v. Commissioner, 33 B. T. A. 512*; *National Fidelity Life v. Commissioner* (Memo opinion, August 21, 1935); *Helvering v. Atlas Life, 78 Fed. (2nd) 166* and *Helvering v. Missouri State Life, 78 Fed. (2nd) 778*.

Alternative Favors Company

"It is of interest to note in the *Great Southern* case, however, that the board ruled in favor of the company on the alternative issue that a deduction be allowed as interest on indebtedness, for interest paid in connection with matured coupons surrendered during the year."

Ohio Pushes Plan to Cause Disposal of Real Estate

COLUMBUS, O., June 11.—Replying to Ohio insurance companies and fraternal which are asking for an extension of time in which to sell real

estate not needed in their operations, the Ohio department asserts that the argument that the depression has affected the marketability of properties is not convincing nor is the belief that the properties will increase in value. The department says that while it does not favor forced liquidation, it believes that it is unwise to retain all real estate in hope of better conditions. It is suggested that, in view of the belief that better market conditions will affect various types of properties in different degrees, it would be best for the insurance companies to plan a definite program of orderly liquidation. The department is now examining the real estate and mortgage accounts of Ohio companies, and asks that in making applications for extensions the companies not flood the department, but send the applications in groups at intervals of about six months.

Executive Committee Meeting

Taking advantage of the insurance commissioners gathering in St. Paul this week, the American Life Convention executive committee met. There were present, G. S. Nollen, Bankers Life of Iowa, president; Col. C. B. Robbins, manager; T. A. Phillips, Minnesota Mutual; Harry Wilson, American Central;

H. K. Lindsley, Farmers & Bankers Life; I. M. Hamilton, Federal Life. Plans for the annual meeting at Dallas were discussed. Mr. Phillips is chairman of the program committee.

In addition, there were three ex-presidents at the meeting: O. J. Arnold, Northwestern National; Daniel Boone, Midland Life, and L. J. Dougherty, Guaranty Life of Iowa.

Decision was reached to elect C. A. Craig, chairman of the National Life & Accident, as a member of the executive committee to take the place of U. S. Brandt, Ohio State Life, who died recently.

Order Adopts New Plan

NEW ORLEANS, June 11.—At the golden jubilee of the Order of Railroad Telegraphers here a new legal reserve mutual plan was set up after a debate which lasted eight days and carried the convention into the third week.

Under the new arrangement, the old mutual benefit plan, which has been in force for 17 years, will be continued but will be operated at double the present rates. Under the provisions, however, members of the order may elect to carry their insurance under either the old or new plan, or both, in which case a medical examination will be required.

BASICALLY SOUND...

Maybe that old story about "the rate book, a few application blanks and a slap on the back" in the case of the new man is only an exaggerated story carried down from the days of old to the present.

Certainly the Agency Department of an aggressive life organization would not employ such tactics in this day and time.

A *basically sound plan* for stimulating and training new agents is absolutely essential in order to reach peak earnings. Mere contests and "ballyhoo" campaigns will not do the job.

The Jefferson Standard's Correspondence Training Course and Merchandising Ideas are a far cry from the "rate book—few application blanks—slap on the back" plan.

The new man feels that he has something worthwhile!

A. R. Perkins, Agency Manager

JEFFERSON STANDARD LIFE INSURANCE CO.

Julian Price, President

Greensboro, North Carolina

Insurance Days in Pennsylvania Held

(CONTINUED FROM PAGE 8)

there being standing room only at the industrial session. J. A. Stevenson, home office general agent Penn Mutual Life, presided in the afternoon.

A comprehensive picture of estate hazards with suggestions for minimizing them was presented by J. H. Reese, manager Insurance Trust Associates of the Penn Mutual Life. He said modern property ownership is complex, involving hazards of management, investment

judgment and diversification. The agent must be well informed on matters of conservation and distribution methods.

Considers Estate Problems

In devising methods to minimize estate hazards, the agent must take into consideration problems of accumulation, conservation of accumulations and distribution or transfer of surplus. Accumulation is designed for social security or economic independence, and must be adequate at death to provide for the family, and also for old age.

He said the average individual regards the problem of accumulating his estate

with complete lack of organization. More individuals seem to lose what they have accumulated after 55 than before, Mr. Reese said, therefore conservation is a major problem. Distribution is becoming a more serious one, he said. An important method of distribution is guaranteed trusteeship available through annuities or settlement provisions in life insurance. It is advisable up to a certain point to effect transfer of property during the lifetime, particularly to those now dependent.

Takes Up Gift Situation

He said great care must be exercised in effecting gifts to avoid creating the impression of attempting to avoid taxation by a subterfuge. An ideal gift is one which today has comparatively little value in relation to its potential value, and, second, a transfer of property which at present is productive of little of the donor's needed income. This description most nearly fits a life policy. A systematic transfer over the years can be done by purchase of endowments for the benefit of minor children, the combined use of single premium policies and life annuities being ideal for this purpose.

Estate possessions will depreciate by death from 40 to 80 percent of their original value, he said.

Realtor's Paper Is Read

R. A. Heymann, Philadelphia realtor, had prepared a paper on "What My Life Insurance Means to Me," which was read by Jackson Maloney, vice-president Philadelphia Life. Mr. Heymann bought his first policy in 1900 when he was 16, a 20-year endowment. In 1914, when he had an opportunity to buy a building at low figure, he borrowed on the policy and made a profit of \$50,000 on the building. In 1902 when his father died an agent handed him mother checks aggregating \$140,000 in life insurance proceeds. His life insurance is the greatest security he has.

Tribute was paid the debit man for laying the foundation of life insurance and for his service to humanity in giving "fundamental protection to millions of policyholders whose families would otherwise be left destitute when death claims the breadwinner," by W. J. Bradley, publicity manager Home Life of Philadelphia, who presided at the industrial congress.

Commissioner Hunt Talks

Commissioner Hunt told of his fight against unauthorized companies. There are 1,048 companies of all kinds admitted in Pennsylvania with assets \$27,000,000,000, and none in bad financial shape.

An inspirational talk on opportunities of the debit field man was given by T. J. Mohan, vice-president Eureka-Maryland Assurance. He said opportunity for the debit man has improved in recent years. He advocated careful training and study. They should arrange programs at night, get pre-approach information and prepare and present programs carefully.

Elimination of too much rush and hurry in business life, which he called "lost motion," and replacing it with the habit of thinking deeply before attempting to work, was advocated by L. J. Zettler, superintendent of agencies Metropolitan.

Two Hot Ones in Louisiana

A bill, the provisions of which are similar to the Robertson law of Texas, has been introduced in the Louisiana legislature. It would require the investment by life companies in Louisiana securities and real estate amounting to at least 75 percent of the reserves on Louisiana policies. There is another bill to provide that industrial life and accident companies which issue policies without medical examination shall waive their rights to claim forfeiture by reason of misrepresentation.

Portland, Ore., agency, Occidental Life—New business end of May exceeds \$500,000, more than 2½ times last year's figure. More than \$100,000 was written May 25 when 15 agents completed 43 applications for \$104,114.

Four Officials Named by Equitable Life, New York

MURPHY TO HENDERSON POST

Davis and Schelker Also Appointed Vice-presidents and Dr. Daley Medical Director

Four important staff appointments by President Parkinson of the Equitable Life of New York were confirmed by the executive committee.

Ray D. Murphy, formerly vice-president in charge of underwriting, was appointed vice-president and actuary, succeeding Robert Henderson, whose voluntary retirement was announced last week.

Mervyn Davis, formerly group underwriter, was appointed vice-president in charge of the underwriting department.

Walter G. Schelker, formerly assistant secretary, was appointed vice-president in charge of the policy issue and change department.

Dr. Robert M. Daley, formerly associate medical director, was appointed medical director.

Mr. Murphy's Experience

Mr. Murphy is a graduate of Harvard, who served in the actuarial departments of two New England companies before he became assistant actuary of the Equitable in 1913. For four years he was in charge of the annual dividend bureau and later took over work of the mathematical bureau. In 1919 he was appointed associate actuary with supervision over the bureau of issue. He was appointed second vice-president in 1923 and vice-president in charge of underwriting in 1930. He is a fellow of the Actuarial Society of America and Casualty Actuarial Society.

Dr. Daley became a city examiner of the Equitable in 1900 after being graduated from the College of Physicians and Surgeons in 1896. He interned for more than two years at Bellevue Hospital, New York, and was assistant surgeon in the New York volunteer infantry during the Spanish-American war, later being associated with a leading New York specialist in nerve diseases. He was appointed assistant medical director in 1911, and associate medical director in 1916. In 1927 and 1928 he was president of the Association of Life Insurance Medical Directors.

Other Appointees' Careers

Mr. Davis went with the Equitable in 1918 as assistant actuary, having started in the actuary's department of the Connecticut General Life and later being actuary of a middle west company. For several years he was in charge of the Equitable's annual dividend bureau, and in 1928 was appointed group underwriter. He was born in England and is a graduate of Cambridge and a Fellow of the Actuarial Society of America.

After a short time as stenographer in the auditor's department of the Equitable, starting in 1896, Mr. Schelker was transferred to the secretary's office as stenographer and special correspondent, becoming familiar with policy forms and legal matters. In 1918 he was appointed assistant secretary, and subsequently was made assistant superintendent of the bureau of policy-claims. For many years he has been in charge of the legal reference division. He is an expert on policy forms and has collaborated extensively in preparation of the Equitable's life insurance, annuity contracts and group pension plans.

Continental Assurance—Gain in insurance in force has been in excess of \$1,000,000 a month during 1936. Loans and surrenders are 5 percent less than the first five months of 1935, and repayment of loans is 22 percent higher. There is an 18 percent increase in reinstatements as compared with a year ago.

* MODERN LIFE INSURANCE SINCE 1845 *



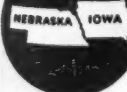
NATIONAL CAMPAIGN FEATURES THE MUTUAL BENEFIT MAN

Month after month, the Mutual Benefit national advertising message goes into millions of homes and offices. "A good product," we say, naturally.

But equally important, every advertisement is building acceptance for the idea that the Mutual Benefit man is a good man to know. That theme—and its variations—is opening doors for Mutual Benefit representatives.

The
MUTUAL BENEFIT

LIFE INSURANCE COMPANY • NEWARK • N. J.



MIDWEST'S BIGGEST "LITTLE" COMPANY

5th AMONG IOWA COMPANIES IN IOWA BUSINESS WRITTEN, 1935

- 1 30-year record of stability.
- 2 Compact operating territory—closer cooperation.
- 3 Agency-minded home office personnel.
- 4 5th among Iowa companies in Iowa business written, 1935.
- 5 Wide range of modern policies.
- 6 Men and women written on equal terms.
- 7 Agents' direct mail advertising help.

Choice territories now available—Write

THE OLD LINE

Cedar Rapids Life

INSURANCE COMPANY

Cedar Rapids, Iowa

Colonel C. B. Robbins, Pres.

C. B. Svoboda, Secy. — Jay G. Sigmund, Vice-Pres. & Agency Director

Annual Meeting of the Actuaries

(CONTINUED FROM PAGE 7)

be rigid but flexibility is desired owing to the new developments that will arise from time to time.

Care Is Greatly Needed

R. G. Stagg, Lincoln National, stated some phases of these acts are still not clear. Some of the states are not definite in their rulings. He cautioned his listeners as to forms gotten out by stationers for reporting, for they are not correct. He suggested that too great haste be not made. The Lincoln National has studied its present payroll and personnel records. He feels that individual rather than total salaries should be given. There is some doubt as to the status of those managing properties for companies and those employed in such work. During the next 12 months, he averred, much more definite information will be forthcoming.

J. C. Rietz, Midland Mutual, said his company so far had considered property managers as independent operators but he was in doubt if that position would be maintained.

In discussing the decline in interest rate and its effect on policyholders' dividends, H. H. Jackson, National of Vermont, said he had no sympathy with any attempt to segregate investments by years purchased in order to apply the larger returns to the policies corresponding. The policyholders, he feels, do not want such an arrangement. All earnings should go into one reservoir. Companies, he stated, naturally have to take cognizance of lower investment income. Dividend readjustments should not be made drastically or all at once. He said after all the dividend scale is a device. It is not perfect nor sacrosanct. Adjustment is always more or less arbitrary.

Owing to single premium and short term endowments, people caused life companies to be banks and they got better returns. Benefits, he declared, should be so reduced that life company returns will be no more liberal than those of banks.

O. W. Perrin, Penn Mutual, said dividends are affected because interest rates are down and in many cases mortality and expense savings are less. Many companies in order to get immediate action made a flat reduction in dividends. Others tried to work out a formula that would reflect the new conditions, especially the interest factor. It was the thought to try to do justice to all classes and not put a disproportionate burden on old holders. The interest factor in the Penn Mutual formula is slightly higher than its average rate. Now with the situation more settled dividend formulae can be worked out deliberately.

E. D. Armentrout, Provident Mutual, stated that in spite of steps taken to reduce the returns on the so-called investment forms, there is still a popular demand and a higher amount of such business is coming in than companies desire. The Provident Mutual finds that on its investments made prior to 1932, its interest rate is about 1 per cent greater than on those made since.

Another speaker said if an effort is made to segregate investments as to date, many problems arise. It might be possible to put the single premium and short term endowments together, but even then complications would arise. Too many dividend changes should not be made in normal times. Changes are necessary, of course, where there are sweeping national conditions that affect earnings.

Marcus Gunn, California-Western States Life, has been making a study of policy loans. The ruling rate is 6 percent and many people have gone to banks if their credit is good, because they can secure a more advantageous rate. Some companies have 3 percent of their reserves in policy loans and others ran all the way to 30 percent.

On some policy groups the percentage was 40 percent.

Another speaker contended the single premium and short term endowments should not lean on the annual premium group. The rate earned on the investment forms and that necessary to maintain the legal reserve should be studied and penalty if necessary should be applied.

Suggests a Contingent Fund

F. M. Hope, Occidental Life of Los Angeles, suggested the creation of a continuous contingent fund from dividends to equalize payments. A dividend, he characterized as an assessment in reverse. A contingent fund could be drawn on to prevent violent fluctuations. It would have a leveling, stabilizing effect. By this means, a true rate of interest would be maintained over a long period. He believes there should be something of the old deferred dividend plan injected into annual dividends. It would tend to make business more persistent. Changes would be less frequent with judicial use of the contingent fund scheme.

Discussion on Persistency

W. A. Jenkins, Lincoln National, said that the persistency of business had showed improvement in the last two years. It is necessary, he feels, to make general agents conservation minded. If they are determined to keep lapses down, they will get results by insisting on business being written in a way that the needs of policyholders are met.

T. A. Gill, London Life, said his company is reviewing carefully the lapses. It watches industrial for eight weeks after a policy starts and ordinary for three years to catch danger signals. Where current information on lapses is sent out, agents will respond. Applications as to ordinary are scrutinized and rated as to possible persistency. Where a low rating is found, it is probably rejected. The company insists on new business of higher quality.

J. R. Larus, Phoenix Mutual, said that when his office finds a lapse is hopeless the case is taken up with the managers with the view of ascertaining whether at the outset the application should have been taken. His company has tabulated its lapse experience by calendar years for 10 years. The ratio was highest in 1933 but since then, the ratios are lower. A special study is being made of the seemingly high ratio of some older durations.

Evidence of Age Proof

A. F. Schwartz, Penn Mutual, told the practice of that company in obtaining evidence of age especially on single premium annuities. As to deferred annuities or installment policies, a check is made at the time the payments begin. He said where ordinary media fail, the company had often sought information from the census bureau.

A Canadian actuary said it would be impossible to get any data from the Dominion census office as all information was considered confidential.

M. L. Lipton, Equitable of New York, asserted that it is usually more difficult to establish ages when group annuities are written because of the character of the employees. He said that public records usually give age at last birthday. It is important, therefore, in consulting records to find whether the age is reckoned by last or next birthday.

Experience on Juvenile

At a previous meeting a paper was read giving some statistics on juvenile risks written by fraternal. The old line actuaries did not see much difference between their experience and that of the fraternal. The mortality was about the same. On this class the expense ratio is higher than that on adults.

At a previous meeting a paper was presented by Actuary C. A. Taylor, Life of Virginia, on its pension plan for employees. In the discussion it was brought out that the effect of any interest earnings in a pension plan made it more attractive. It was stated that the plan would be more effective if the compulsory retirement age were put at 60 for

all except those having supervisory duties. That gets people to thinking about retirement earlier. It is always difficult in putting into effect any pension plan to provide for those who have already reached a point near retirement age. In view of the social security act the point was made that any private pension plan should be as flexible as possible. It was also declared that if an attempt is made to inject into a pension system provisions to make it popular with all, it becomes unwieldy and unsatisfactory.

Papers Presented

W. M. Johnson, Central Life of Chicago, treasurer of the American Institute, reported assets \$29,624 in cash and securities. W. O. Menge, University of Michigan, in his paper on "Preliminary Term Methods," said a sharp distinction should be made between legal standards of valuation and modified plans, the latter usually carrying the name of a state that introduced the variation.

H. R. Corbett, Chicago actuary, in a

paper on pensions said the public is annuity minded. With very baffling and new problems injected into business through social security acts he said employers were much confused. He stated that employers were beginning to feel they should not be called on to put up retirement reserves unless employees were within 25 years of the retirement age.

In the paper by D. S. Craig of the Metropolitan on "Drafting of Policy Forms," he said there is little material in the literature of the business on this subject for students.

W. M. Anderson in a paper on "Some Principles of Expense" said with rigid state requirements it is difficult to introduce flexible factors. Many complexities now enter the situation. He recommended some new methods in the distribution of overhead expense.

In the discussion on local or regional actuarial clubs, the need for study circles for young people was stressed so that they might be better prepared for examinations.



"They're Ours!"

That's what the widow of an adequately-insured family provider may say of her home and other possessions.

They should be!

Alert Life Insurance salesmen make it their business to place necessary protection where it belongs.



The Prudential

Insurance Company of America

EDWARD D. DUFFIELD, President

Home Office - Newark, New Jersey

EDITORIAL COMMENT

Flow of the Bonus Money

FROM June 16-18 checks and cash will flow out from the United States treasury to about 4,700,000 world war veterans in the total amount of \$2,015,162,456, in payment of the bonus. The largest amount which any veteran will receive is \$1,590 and the minimum \$127, the average \$550.

Life insurance men will watch the flow and distribution of this vast sum with peculiar interest.

It is well known that racketeers and fakers in great number are ready to pounce on the bonus money as soon as issued. It goes without saying that vast sums of this money will melt away without much good coming to the recipients; either it will be spent extravagantly or taken away from the owners by downright trickery and dishonesty. All sorts of fraudulent propositions are becoming evident throughout the country. Here are some of the methods which are all ready in evidence, according to a speaker for the BETTER BUSINESS BUREAU:

Whisky warehouse receipts which, while perfectly legal investments, are in most cases priced too high for the purchaser ever to expect to profit; mining stocks; cemetery lot investments; the raising of frogs, silver foxes, BELGIAN hares and rabbits; sale of vending machine territory.

Too Many Misfits and Unfit

VERY frequently a false impression as to life insurance production is given by agents who are unsuccessful in the field. They are unable to secure business and hence spread the news that life insurance is most difficult to write. This undoubtedly discourages newcomers and those who might be encouraged to enter this line of work. More and more the impression prevails that the life insurance producing ranks could well be rid of hundreds of hangers on,

In the field of legitimate savings and investment, it does not seem that life insurance will receive a large share. One insurance man expresses the opinion that more small annuities are likely to be bought than straight life insurance. Of course a vast amount of the money will go for good purposes. Mortgages and debts will be paid off, the first payments on homes and farms will be made; all trades and businesses will feel the influx of this new money, more or less.

The state to receive the largest amount will be NEW YORK, with \$221,373,427. PENNSYLVANIA comes second with \$155,594,459, ILLINOIS third with \$141,472,589, CALIFORNIA fourth with \$122,833,011, and OHIO fifth with \$106,061,344. All other states will receive less than \$100,000,000, the state receiving the smallest amount being NEVADA, with \$1,771,846.

Here is the distribution within a few days of a sum of money almost twice as great as the totals paid policyholders last year by the life companies in death claims, endowments and annuities, the amount of these three items being \$1,177,063,755. If we are to believe the proponents of the bonus bill as they made their arguments in CONGRESS this money is just about as badly needed by the veterans as was that paid to the beneficiaries of life insurance policies.

who either have not the ability, ambition, capacity or intelligence to write business. Such agents are simply a drag on the market, lower the morale of those who could be successful and muddy the waters in general. As time goes on undoubtedly those responsible for appointing agents are convinced that there should be much more selectivity used. There are too many misfits introduced into life insurance soliciting.

Fitting a Man to a Company

At times it seems obvious that those responsible for the appointment of general agents do not take into consideration as far as they should the particular qualities of a man with special reference to fitting him into the picture of a company. Each company has its individuality, its special characteristic traits that make it stand out as an institution. The type of management and its attitude toward the business, its integrity and conscience, its ideals, its ambitions and purposes all go to form

a very definite atmosphere. A company attracts men because of its characteristics.

We know that when we go to see the general agent of a company with which we are particularly well acquainted we know just about the type of man we are going to meet. Men of a different mold would not be at home with many other companies. Their whole conception of life insurance fits in with that particular company. There are gradations of thought about and conceptions

of life insurance. We have had examples frequently where a superintendent of agents would appoint a general agent who was well qualified in life insurance, who had a very interesting and attractive personality and yet his traits, his temper, his spirit are not fitted for this institution. He might harmonize very successfully with some other company.

It is most essential therefore in selecting general agents or managers to find men whose aptitudes fit in the company, whose nature, habits and spirit comport with its innate qualities. There

have been a number of misfits, not because of any particular weakness but solely due to the fact that the makeup of the man was not in tune with the spirit of the institution with which he became identified. Therefore it behooves a field general to have a very vivid and definite conception of those qualities that make the individuality of his company and see whether the men to whom he is offering a position can qualify so far as the principles and characteristics of his institution are concerned.

PERSONAL SIDE OF BUSINESS

Commissioner Frank Yetka of Minnesota, who suffered injuries in an automobile accident a few weeks ago, has not fully recovered and last week he entered the Mayo hospital in Rochester, Minn., for an examination.

Robert Merriman, vice-president of the Scranton Life, who usually attends the meetings of the American Institute of Actuaries, was not on hand for the meeting in Minneapolis last week, due to the fact that he sailed last Thursday on the Kungsholm for Gothenburg. He will visit Copenhagen, Berlin, Prague, Vienna, Salzburg, Munich, Cologne and other places and return about July 10.

President W. H. Cox of the Union Central was elected secretary of the Commercial Club, Cincinnati, at the annual meeting at White Sulphur Springs. Members are prominent business men of the city.

Will Ford, special agent of the American National and for years one of its leading producers, has been reelected president of the Galveston Lions Club.

M. G. Fuller, vice-president of the State Farm Life of Bloomington, Ill., has returned from a trip to the Pacific Coast, during which he addressed agency meetings in Nebraska, Oregon and California.

H. G. Kenagy, superintendent of agencies of the Mutual Benefit, presided at the morning meeting of the Institute of Management sessions held in New York.

Just before leaving for Cleveland to be in charge of the Landon-for-President headquarters, **Charles F. Hobbs**, insurance commissioner of Kansas, announced his candidacy for reelection.

Frank A. Knapp, acting president of the Ohio State Life, was the principal speaker at the June meeting of the Oslico Club, composed of home office employees. He was presented by Dr. C. E. Schilling, vice-president and medical director. Resolutions on the death of President U. S. Brandt were adopted.

Robert F. Moody of Asheville, N. C., recently marked his 20th anniversary with the Phoenix Mutual Life. He has been in Asheville 19 years, during which time he has written more than \$8,000,000 of life insurance and the local office more than \$14,000,000. Friends from several cities honored him at a surprise

luncheon when **B. Scott Blanton** of Charlotte, North Carolina manager, presented him a leather bound book of letters from President Collens and other officials of the Phoenix Mutual, and John M. Brown of Winston-Salem presented a desk set from associates in the North Carolina agency.

June is the birth month of President **Richard H. Kimball** of the Volunteer State Life and the agents are having a production campaign in his honor. Each agent has been asked to get at least nine applications.

D. E. Wilson, manager of the Prudential at Portland, Ore., was honored at a gathering attended by home office officials on his 25 years' service. He went to Portland in 1920, and is now in Class E of the Prudential "Old Guard." B. H. Harris, assistant secretary, and F. A. Mansfield, western division manager, were present. A business meeting was held.

Ira L. Gregory, 60, general agent Mutual Benefit Life, Portland, Ore., died at his home after a short illness.

Franz Hindermann, treasurer of the Pan-American Life, lost his trousers at the annual outing of the Whitney National Bank employees, at which he was an invited guest. Mr. Hindermann returned from swimming to discover that some practical joker had made away with the necessary garment, which contained his wallet, watch and automobile keys. There wasn't a barrel in sight. However, the trousers were returned as mysteriously as they disappeared.

Dr. W. W. Beckett, 79, for many years vice-president and medical director of the Pacific Mutual Life, died at his Los Angeles home as the result of a heart attack. Dr. Beckett began his medical career in the '80s following graduation from the University of California medical college. He was outstanding in his profession, having served as president of the California Medical Association and as trustee of the University of Southern California.

James Stokes, the oldest agent of the Provident Life & Accident in point of service, was honored by his company at a gathering in Chattanooga. He was given a 30-year service pin. President R. J. Maclellan presided. He recalled that he had appointed Mr. Stokes in LaFollette, Tenn., on June 6, 1906. Mr. Maclellan was secretary and agency



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manager at that time and he had started with the company only a year previously. Its premium income was about \$30,000 as compared with \$6,000,000 a year now.

Sam T. Swansen, general counsel Northwestern Mutual Life, and Mrs. Swansen sailed from New York on the "Statendam" for a six-week stay in the British Isles. They will travel through England, Scotland and Wales.

Robert Henderson, who is retiring as vice-president and actuary of the Equitable Life of New York, was guest of honor at a testimonial dinner given by President T. I. Parkinson in New York. About 35 of Mr. Henderson's associates attended. Mr. Henderson is a native of Canada and graduated from the University of Toronto in 1891. The next year he joined the Canadian insurance department. Five years later he went

to New York and started with the Equitable. He became assistant actuary in 1903, actuary in 1911, second vice-president and actuary in 1920, and vice-president and actuary in 1929. He is a past president of the Actuarial Society of America and is a fellow of the Institute of Actuaries of Great Britain. A degree of doctor of science was conferred upon him by his alma mater in 1930.

W. B. Lichliter of the Pittsburgh agency Mutual Life of New York wrote 32 applications in May to exceed by two the total for the same month in 1935. He is a member of the agency's plus-sign club, whose members attempt to exceed the number of apps and paid for volume produced in the same months the previous year.

Mr. Lichliter has a record of 176 weeks consecutive production, led the Pittsburgh agency in paid for business in 1935 and was second in lives written.

NEWS OF THE COMPANIES

Indianapolis Life in Campaign

President Raub Month Results in Record Volume of New Life Insurance; Indiana First

By securing the largest volume of new life insurance in a single week for the past five years, Indianapolis Life agents climaxed the month for President E. B. Raub. Two long parchment scrolls are to be made and framed for President Raub's office, showing individuals and leading agencies.

Indiana led all states, with Texas and Illinois ranking next. The Matthews agency in Dallas led all agencies. J. W. Schwab, Indianapolis, stood first among agents, with W. G. McClelland, Tipton, as top for the largest number of applications. Hilda Zimmer, of Indianapolis, won the prize given to the leading girl in the home office for volume of new insurance during the month. Insurance in force has increased during the first five months of this year, now totaling \$96,620,826. Officials also state there is a marked increase in the repayment of policy loans while the demand for them has decreased.

President Maloney Honored

PHILADELPHIA, June 11.—The home office contingent and agency force of the Philadelphia Life gathered at a dinner to pay tribute to President Clifton Maloney on his birthday. The field force reported paid-for business of some \$400,000 for the first week of president's month and then voluntarily set itself the goal of breaking the record figure of \$1,100,000 set last June.

E. R. Hurst, director of agency service, presided. Jackson Maloney, vice-president, after paying tribute to the leadership of Clifton Maloney, urged general agents to build men "and business will follow."

Paramount Life Discontinues

The Texas department announces that the Paramount Life of Dallas has agreed with the postoffice department to discontinue operations and that Jack Burroughs, Republic Bank building, Dallas, has been appointed receiver.

Life Presidents' Meeting

Inasmuch as the National Association of Insurance Commissioners will not have its winter meeting in New York City, the Life Presidents Association will be the sole attraction during so-called "Insurance Week." The commissioners will meet at Hot Springs, Ark., the week of Dec. 7. The Life Presidents Association will undoubtedly meet at the Waldorf Astoria in New York City, Dec. 3-4. General Manager V. P. Whitsitt attended the commissioners meeting in St. Paul this week.

Eight Bids Are Submitted

Offers for Federal Reserve Being Analyzed by Actuaries with Court Hearing Scheduled Saturday

KANSAS CITY, June 11.—All employment, lease, and similar contracts of the Federal Reserve Life except that of the Farmers National Life—an item of \$1,050,000 with stockholders—have been canceled by Federal Judge Pollock. The Farmers National contract, whereby the amount is to be paid out of earnings on Farmers National business, will be taken up later, probably this week.

Among the canceled contracts was a \$300,000 participating certificate with the Insurance Investment Corporation of St. Louis, the two mortgage contracts with the late F. E. Bushman (whereby he was to sell mortgages to the company).

Proposals for Reinsurance

Eight companies submitted proposals to reinsure the Federal Reserve Life.

The Life Insurance Company of Detroit, Illinois Bankers, Central of Des Moines, United Benefit, Business Men's Assurance, Liberty Life of Topeka, Occidental Life of Los Angeles, and Atlas Life of Tulsa presented bids on the last day set by the court for receipt of them, to W. R. Baker, receiver.

A preliminary analysis of the financial statements of the companies and their proposals are being made by Frank M. Speakman, consulting actuary of Philadelphia; A. C. Good, consulting actuary of Jefferson City, Mo., and J. P. Oliver, formerly actuary of Federal Reserve and retained in that capacity by Mr. Baker.

The report of the actuaries, together with their recommendations, will be presented to the court June 13.

Harry E. McClain, Indiana insurance commissioner, has been appointed co-ancillary receiver with Mr. Baker for Indiana.

To Be Moved to Columbus

Federal Union Life of Cincinnati in New Location Will Be Close to Department

CINCINNATI, June 11.—Within the next two weeks, headquarters of the Federal Union Life of Cincinnati will be removed to Columbus, offices being located in the Sanor building, 206 East State street, which is owned by the company. The building is partially occupied by doctors' offices and the company will occupy unused space. Rehabilitation of the company will be under the direction of Superintendent Bowen, who will be assisted by C. F. Stein, the



The Life Agent's Responsibility To Youth

It is a common occurrence for life insurance companies to receive expressions of regret from those whose policies have matured, that they did not have the wisdom and foresight in earlier years to take out as much insurance as their needs required or their pocketbooks allowed.

Herein lies the responsibility of the life insurance salesman; to overcome the natural tendency of young men and women to procrastinate and defer action in matters of life insurance when wisdom would counsel otherwise. How much better it is to arrive at old age with substantial insurance and no regrets than to arrive there with some insurance and many regrets.

THE

GREAT-WEST LIFE ASSURANCE COMPANY

HEAD OFFICE
WINNIPEG, CANADA

"best opportunity in the field"

An exact copy of part of a letter received from an agent who recently joined us.

"In the meantime I have been carefully studying the manual and some of the literature and I am certainly sold on the Company and its policies.

"I think this Company now offers the Salesman the best opportunity in the field, and I am speaking from a long experience in the business.

"I certainly expect to put this part of the State on the map for the Bankers Mutual Life Company."

Yours very truly,

I. B. D.

BANKERS MUTUAL LIFE CO.

FREEPORT, ILLINOIS

Founded in 1907

What Has Done Most To Provide Old-Age Pensions?

...LIFE INSURANCE!

The light of public attention is now focused on the subject of old-age pensions. But long before old-age pensions became so prominent. Life Insurance was quietly building up a great volume of pensions, helping many corporations to set up pension plans and helping many men and women to establish a pension for themselves.

Many persons still think that Life Insurance merely protects in the event of death. But there is much more to Life Insurance than that. It is one of the great social forces of our times . . . stabilizing finances . . . easing many of the shocks of depressions . . . saving homes . . . improving public health . . . reducing child labor . . . protecting thousands from the effects of unemployment.

★ *The dependents of 175,000 policyholders, holding over 409 million dollars of Life Insurance, are protected by Reliance Life.*

RELIANCE LIFE
INSURANCE COMPANY OF PITTSBURGH

department's representative in the company several years.

M. J. Keefe, deputy superintendent in charge of the company's affairs since the company was placed in the hands of the department by the federal court earlier in the year, is retiring to give all his time to his private interests. Mr. Keefe stated that a considerable saving would be made in moving the headquarters to Columbus and that it would be efficiently operated because of its proximity to the department offices.

At present there are about 20 employees in Cincinnati. A number of these will be transferred to Columbus. A collection office will be maintained in Cincinnati under Manager D. R. Engel, as at present.

The examination of the company undertaken by department examiners last fall has not been completed. With the company in Columbus, it is anticipated that a plan for rehabilitation will be worked out in two or three months.

STUDIES VARIOUS SCHEMES

COLUMBUS, June 11.—The Ohio department announces that no plan has been decided upon as to the future of the Federal Union. Several schemes for rehabilitation are under consideration, and court approval will be necessary before any one of them can be put into effect. In the meantime the department will proceed with the rehabilitation of the company.

Union Central Sets Record During Jerome Clark Month

May was Jerome Clark month in the Union Central Life, agents sending in more than \$13,000,000 in applications and paying for \$9,016,716 of new business to set a new record for the past three years and to beat the best previous month, January, 1936, by 35 percent. Total paid for business in May, including annuities, was \$10,820,280.

The Charles B. Knight agency, New York City, led all agencies with \$3,503,325. Paul B. Leinbach, Reading, Pa., of the Harry Newman agency in Philadelphia, was production leader with \$205,160 of new paid business. Mr. Leinbach has been in the business only since last October but is the company's ranking personal producer for 1936, having paid for \$558,000 since Jan. 1. G. M. Marshall, H. A. Zischke agency, Chicago, led in life plans with 20 applications.

Beneficial Life Buys Building

The Beneficial Life of Salt Lake City has purchased the Vermont building, in which it has been located since its organization over 31 years ago. George J.

Cannon, executive vice-president, said the purchase price was in the neighborhood of \$150,000.

The structure will hereafter be called the Beneficial Life building. It will be remodeled and the company will occupy the ground floor. Heretofore it has had the top floor. The building is in a central location, across the street from the world-famous Temple Square.

Arkansas State Life Cited

LITTLE ROCK, ARK., June 11.—An order directing the Arkansas State Life to show cause June 22 why a receiver should not be appointed was issued in circuit court on petition of Attorney-general Bailey. The petition said Commissioner Gentry had certified the company as insolvent.

Again Reaches \$200,000,000 Mark

The Minnesota Mutual Life, which reached the \$200,000,000 mark of insurance in force in 1932 and then in company with all others had a setback, has again attained that point and is showing an increase right along.

C. H. Voorhees Resigns

C. H. Voorhees, who for the past 10 years has been counsel Connecticut General Life, has resigned. He joined the company after graduation from Yale University law school and has specialized in life insurance taxation and insurance marketing methods. He is a member of the American Bar Association and Association of Life Insurance Counsel. He has not yet announced his future plans.

Robertson Leaves Postal Union

T. A. Robertson, well known Pacific Coast insurance executive has resigned as vice-president and manager of the accident and health department of the Postal Union Life, Los Angeles, to become supervisor for California of the National Guaranty Life, with whom he was associated for several years.

Life Company Notes

The Old Republic Credit Life of Chicago has been licensed in Iowa.

The State Farm Life of Illinois has been licensed in Alabama, with N. Eric Bell of Montgomery as state agent.

The Expressmen's Mutual Life of New York has entered Virginia with principal office at Richmond in charge of Slover E. Covey.

Walter F. Curtis, vice-president International Business Machines Corporation, has been elected a director of the Security Mutual Life of Binghamton, N. Y. He has been 26 years with his company.

E. R. Marshall, formerly in the actuarial department of the Pilot Life, has joined the Durham Life in the actuarial department.

LIFE AGENCY CHANGES

Tresize Is Chicago Manager

Transferred by Acacia Mutual Life From Milwaukee to Succeed L. S. Broadus

Percy A. Tresize has been appointed Chicago manager for the Acacia Mutual Life to fill the vacancy caused by the resignation of Lynn S. Broadus, who joined the Guardian Life as general agent in Chicago. Mr. Tresize has been in life insurance work for 19 years. He served as state agent in Connecticut and in recent years has been Wisconsin state manager. He is a possessor of the C. L. U. designation and is a former president of the Milwaukee chapter, C. L. U. The Chicago office of the Acacia Mutual is located at 180 North Michigan avenue.

Named Manager at Akron

Edwin S. Renner of Akron, O., has been named district manager of the Connecticut General in that city. He has been with the company 16 years.

Realignment in Los Angeles

Earle M. Moore Is Named General Agent of the Minnesota Mutual Life

The Minnesota Mutual Life has effected a realignment of its agency situation in the Los Angeles area.

Earle M. Moore, who recently resigned as vice-president and director of the National Reserve Life of Topeka, and who for many years was a large producer and later a unit manager in Los Angeles for the Equitable of New York, has become general agent in Los Angeles.

Associated with the Southern California agency are H. E. Rickard, E. B. Rowley, B. H. Miller and H. C. Taylor. This agency will have offices at 406-7 Haas building.

C. H. Simpson at Long Beach and the Chappell agency, with its life branch managed by Paul Schweich, will continue to function as heretofore.

This arrangement is a part of a plan

ACTUARIES

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DONALD F. CAMPBELL
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111 West Monroe Street, Chicago
Organization, Management, Tax Service
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HARRY C. MARVIN
Consulting Actuary
307 Peoples Bank Building
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MISSOURI

ALEXANDER C. GOOD
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MILES M. DAWSON & SON
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Established 1865 by David Parks Fackler
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8 WEST 40TH STREET NEW YORK

PENNSYLVANIA

FRANK M. SPEAKMAN
CONSULTING ACTUARY
Associates
Fred E. Swartz, C. P. A.
E. P. Higgins
THE BOURSE PHILADELPHIA

for intensive development that the company is undertaking in southern California.

Trefrey Is Now Sole Boston Manager Fidelity Mutual

The Fidelity Mutual announces that the firm of Tripp & Trefrey, managers of the Boston agency, have dissolved partnership. James T. Trefrey has been appointed manager.

Mr. Trefrey has been active in life insurance for 11 years in Boston and in New York City. His early experience was in the former city as agent and agency supervisor. A year ago he formed the partnership with Charles R. Tripp, who has been identified with Fidelity Mutual 26 years, having served as manager at several points.

Owing to his health, Mr. Tripp is obliged to curtail his activities for a period of rest, following which he will become assistant manager of the Trefrey agency.

New Monarch Life Agencies

The Monarch Life will open a general agency for Nova Scotia with headquarters at Halifax, and one for New Brunswick with headquarters at St. John. It is expected that the latter will handle business in Prince Edward Island also.

Names Hester at Jackson

The Atlantic Life has appointed Ralph H. Hester general agent at Jackson, Miss., with territory including central and southern Mississippi. He succeeds J. W. Patton, Jr., who resigned recently to take a federal government position.

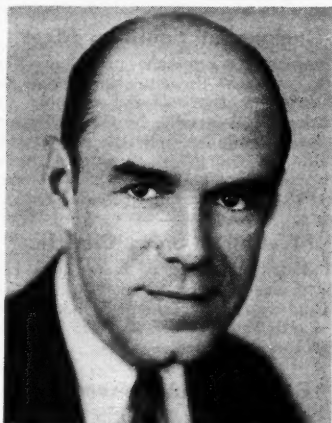
Newman Joins Protective Life

R. D. Newman, formerly assistant district agent Pan-American Life at Columbia, S. C., has resigned to become general agent of the Protective Life of Birmingham.

Morris Made Supervisor

The Bankers Life of Des Moines has appointed M. G. Morris, premier club salesman of the Dallas agency, as agency supervisor there. He joined the agency force in 1929.

Named State Supervisor for L. W. Norton Agency



GEORGE N. ADAMS

DURHAM, N. C., June 11.—L. Watts Norton, North Carolina general agent for the Northwestern Mutual Life, announces that George N. Adams has been made state supervisor. Mr. Adams started in the business in 1923, as agent in Charlotte, N. C., for the old Southern Life & Trust Company (now Pilot Life). Since that time he has had a wide and varied experience as supervisor, home office agency secretary, and resigned as the eastern North Carolina general agent for the Pyramid Life to accept his present position.

Mr. Adams will maintain headquarters in Durham.

In 1935, Northwestern Mutual showed an increase in paid-for in North Carolina of 15 percent over 1933. It has shown a 35 percent increase the first five months of 1936 over the same period of 1935.

S. W. Elder has been appointed district manager of the Mutual Benefit Health & Accident and United Benefit Life at Marquette, Mich.

Mrs. Eva B. Lentz, 65, widow of John J. Lentz, founder of the American Insurance Union, died at her home in Columbus, O.

SALES MEETINGS

Union Mutual Life Meeting

Completing Plans for Annual Convention to Be Held at Home Office July 6-8

Plans are being completed for the annual convention of the Union Mutual Life, which will be held at the home office in Portland, Me., July 6-8. Business sessions will be held in the morning with several outstanding speakers scheduled and a full program of entertainment has been arranged.

Among the speakers will be: John Marshall Holcombe, Jr., manager and L. J. Doolin, manager service department, Sales Research Bureau; Roger B. Hull, managing director National Association of Life Underwriters; R. M. Clark, first deputy insurance superintendent of New York; H. J. Burridge, executive vice-president of THE NATIONAL UNDERWRITER; Commissioner Spencer of Maine; Edward B. Horning, New York state counsel Union Mutual Life, and J. A. Richards, Canadian manager Retail Credit Company, Toronto.

There will be a managers' luncheon and also a boat cruise the evening of July 5. On July 7, conventioners will join home office employees in entertainment, with a reception and banquet in the evening. David Sprague of the Boston agency, who has for many years served in a similar capacity with the National association, is chairman of the entertainment committee.

Program of Lincoln National

Company Announces Speakers for Western Regional Meeting at Del Monte, Cal., July 13-15

The Lincoln National Life has announced the detailed program of its 1936 western regional meeting to be held at Del Monte, Cal., July 13-15. Headlining the program is Dr. F. P. Woellner of the University of Southern California. The following home office officials will attend: A. J. McAndless, executive vice-president; A. L. Dern, vice-president and director of agencies; W. E. Thornton, second vice-president and medical director; C. F. Cross, second vice-president and manager of agencies; W. T. Plogsterth, director of field service, and F. W. Gale, superintendent of agencies.

Speakers Are Listed

The speakers are as follows:
Monday, July 13: A. L. Dern; F. W. Gale; W. T. Plogsterth; W. E. Thornton; C. F. Cross; A. J. McAndless.

Tuesday, July 14: P. H. Webber, Cal.; C. L. Forman, Cal.; Ray Saunders, Tex.; L. L. Gandolfo, Wash.; J. C. Sherrill, Tex.; J. A. Bell, Tex.; R. E. Murphy, Cal.; C. B. Rittenberry, Tex.; J. L. Lawrence, Tex.; Dr. F. P. Woellner, University of Southern California.

Wednesday, July 15: Ray Saunders, Tex.; J. F. Hackman, Cal.; Clyde Chadwick, Tex.; R. W. Fowler, Cal.; F. R. Hierholzer, Tex.; J. W. Woollett, Cal.;

"If you have great talents, industry will improve them; if you have but moderate abilities, industry will supply their deficiencies."—Samuel Smiles.



In Three Months Plus 50%

During the first quarter of 1936 Agents of National Guardian Life wrote 50% more new business than in a corresponding period for 1935—and 1935 was 38% ahead of 1934. These Agents operate under the **Square Deal** contract—a contract giving equal opportunity to each agent.

Agency Openings in Ohio, Iowa, Minnesota and Wisconsin.

For Details Address
PAUL F. CRANFIELD
New Business Department
Guardian Life
Insurance Company
Madison, Wisconsin



General Agency Openings

with

A GREAT COMPANY

GROWING GREATER

A Company that has

*Made a Gain in Insurance in Force

during the first four months of 1936 of more than \$4,000,000.

*A Liberal Contract

(Both First Year and Renewal Commissions)

*An Attractive Line of Policies

(designed to fit every need)

*A Unique Sales Program

Practical assistance and co-operation in the field

Enjoy the advantages of

**COMMONWEALTH CORDIAL
CO-OPERATION
IT WORKS**

Write

J. Herbert Snyder,
Agency Vice-President.

**COMMONWEALTH
LIFE INSURANCE CO.
LOUISVILLE, KY.**

A. W. Johnson, Wash.; J. A. Stein, Tex.; S. C. Clark, Cal.; L. C. Miller, Tex.; M. W. Power, Cal.

The final list of qualifiers for the regional meetings reveals that not only is the qualifying list this year 16 percent greater, but the entire increase is found in the top honor club.

Country Life Meetings

The Country Life of Chicago has been holding district sales meetings at Peoria, Sycamore, Hillsboro and Benton, Ill. The principal speaker was H. N. Tolles of the Sheldon School of Selling. Other speakers were General Manager L. A. Williams; A. E. Richardson of the Illinois Agricultural Mutual, an automobile company affiliated with the Illinois Farm Bureau; Dave Mieher, Clarence Ramler, Russell Graham, Charles Masching and J. H. Kelker of the Farmers Mutual Re-insurance, a fire company affiliated with the farm bureau.

The company is making a special production effort in June and hopes to have \$100,000,000 insurance in force by July 31.

Hold Meeting at Fort Dodge

The Alliance Life of Peoria and Mutual Casualty of Chicago held an all-day agency meeting at Fort Dodge, Ia. Robert Sine, Chicago, home office field supervisor, had charge. Those who took part in the program were Joseph Drahos, division agency manager; Matt Thompson, Fort Dodge, agency supervisor, and these general agents: Herbert Koehne, Fort Dodge; Carl Lewis, Marshalltown; C. J. Gilbert, Carroll, and Milton Dowden, Waterloo.

Agents Meet at Little Rock

Twenty agents of the Penn Mutual Life attended a sales meeting in Little Rock presided over by General Agent Allan Gates. A luncheon was held in honor of J. R. Watson, former assistant general agent there, who will go to Shreveport, La., as general agent for northern Louisiana. He was presented a gift by the agents.

B. M. A. Meeting at Columbus

Ohio and West Virginia agents of the Business Men's Assurance held a sales congress at Columbus, O., Friday and

Saturday. President W. T. Grant was the principal speaker. O. K. Johnson won the prize for the largest increase in sales. Superintendent R. L. Bowen was a speaker at the banquet.

Buckner at Southern Meet

Thomas A. Buckner, president New York Life, was the chief speaker at the two-day conference of the southern department at Asheville, N. C., with about 150 in attendance. R. L. Cooney of Atlanta, in charge of the southern department, who has been with the company 56 years, presided.

Meeting at Sioux City, Ia.

A district meeting of New York Life agents was held at Sioux City, Ia. L. S. Lindsay, vice-president; Dick Oliver, St. Louis, and O. R. Carter, Chicago, inspectors, attended.

Builders Club Convention

That 69 members of the Ohio National Builders Club will enjoy a four day outing at Yellowstone Park in August was announced by Vice-president John H. Evans. Membership is earned through paid-for production during the fiscal year ending May 31.

Midland Mutual Convention

The Midland Mutual Life will hold its agency convention July 30-31 at Hot Springs, Va.

Hecht Holds Fish Fry

Representatives of the Ohio State Life from a number of western Ohio cities attended the annual fish fry of the Lima agency at the country home of General Agent W. H. Hecht on Lake St. Marys at Celina. Dr. C. E. Schilling, vice-president and medical director, and Frank L. Barnes, agency vice-president, attended from the home office.

Reliable L. & A. Texas Meeting

Twenty-six representatives of the Reliable Life & Accident in east Texas attended a business meeting at Marshall, Tex. Dr. C. L. Mattes of St. Louis, vice-president of the company, was the chief speaker.

AS SEEN FROM CHICAGO

STOCK QUOTATIONS

H. W. McKinney of G. L. Ohrstrom & Co., Board of Trade building, Chicago, gives the following quotations on the stock of life companies:

	Par	Div.	Bid	Asked
Aetna Life	10	.60	33 1/2	34 1/2
Alliance Life	1	...	7	1 1/2
Bank. Nat. Life	10	1.00	21	24
Central Life, Ill.	10	...	7	...
Cent. States Life	5	...	2 1/2	...
Colonial Life	100	10.00	240	260
Columbian Nat.	100	4.00	85	95
Conn. Gen. Life	10	.80	44	46
Cont. Assurance	10	2.00	39	41
Farm. & Traders	100	10.00	185	215
Fed. Life, Chgo.	10	...	8	...
Girard Life	10	.40	10 1/2	12
Great Nor. Life	10	...	5	8
Great South Life	10	2.50	33	35
Life & Cas. of Tenn.	...	2.00	15	16 1/2
Life of Va.	20	3.00	90	105
Lincoln Natl.	10	1.20	28 1/2	30
New World	10	.40	7 1/2	8
Northw. Natl.	5	...	13 1/2	14 1/2
North Amer.	2	...	3	3 1/2
Ohio National	10	1.00	22	25
Ohio State Life	100	10.00	225	...
Old Line Life	10	.60	14 1/2	16
Pacific Mutual	1	...	15	16 1/2
Philadelphia Life	10	...	13 1/2	14 1/2
Provident Life	10	.80	12	...
Rockford Life	10	...	4	...
Sun Life	100	...	460	480
Travelers	100	16.00	570	585
Union Central	20	1.20	35	45
Wisconsin Natl.	10	.50	15	16 1/2

* * *

GREAT-WEST LIFE OFFICE TO MOVE

Manager Earl M. Schwemm of the Great-West Life agency in Chicago, who recently was appointed for all Illinois, is to move the office about July 1 into larger quarters in the Field building, facing on La Salle street. He will equip

it with all new furniture, furnishings and fixtures. An open house will be held some time after July 1. Mr. Schwemm plans to open a brokerage department when he is settled in the new quarters. The agency in May showed paid increase on Chicago and Illinois business of 14 percent.

* * *

AETNA LIFE OUTING

Employees in the various Chicago offices of the Aetna Life companies enjoyed an outing Tuesday of this week at the Countryside Golf Club near Mundelein, Ill. Those attending were from the Aetna Life general agency, from the Aetna Casualty branch and from the Chicago and western marine departments of the Automobile.

* * *

CROSBY BECOMES PRODUCER

E. E. Crosby, who has been agency organizer of the Hintzpetter agency Mutual Life of New York, Chicago, has resigned and for the present is remaining with the agency as personal producer. Mr. Crosby has been in the business 12 years, the last 3 1/2 being engaged in agency work. He has been active in the Life Agency Supervisors Association and the Chicago Association of Life Underwriters, of which he was recently made director.

Entertain James Roosevelt

HARTFORD, June 11.—James Roosevelt, oldest son of the President, was a visitor in Hartford and had luncheon at

the Hartford Club as guest of several Travelers officials. Mr. Roosevelt was accompanied by John Sargeant, who is associated with him in a brokerage business in Boston. The firm has business connections with the Travelers.

NEW MODERN LIFE INSURANCE POLICY

*Pays Your
Family...*

\$3,000

Death from Automobile

\$2,000

Death from Any Accident

\$1,000

Death from Any Cause

Write for Particulars for Open Territory
in Illinois

Tune in on our Weekly Radio Broadcast
over Station WBBM, 12:45 P. M., daylight
saving time, Sundays.

**BUILDERS LIFE
INSURANCE COMPANY**
228 No. La Salle St. CHICAGO

Modern AS A STREAMLINE TRAIN

Modern policies... modern agency contracts... modern agency helps... everything that is thoroughly modern is yours when you represent this young flexible company. There is real opportunity for you with the Modern Life. Ask about available territory in Minnesota, Oklahoma, Texas and Missouri.

**MODERN LIFE
INSURANCE COMPANY**
M. A. NATION, Vice-President & Secy.
St. Paul, Minnesota

Your Own General Agency IF YOU QUALIFY

Inquire of
BEN S. GRAHAM, Vice Pres.

**UNITED STATES LIFE
INSURANCE COMPANY**
101 5th Ave. NEW YORK

AS SEEN FROM NEW YORK

By R. B. MITCHELL

FRASER AGENCY MAY RECORD

The Fraser Agency of the Connecticut Mutual in New York City paid for \$1,000,821 of business in May as compared with \$839,928 for May, 1935.

* * *

NEW MEN LEAD COUNTRY

The 11 new men whom Ralph G. Engelsman, general agent in New York City Penn Mutual Life, has placed under contract since the first of the year are leading the new men of the company countrywide. They are all 30 or under, as Mr. Engelsman is strongly of the opinion that the proper course is to take men in at the younger ages and have them serve an apprenticeship the same as in other businesses and professions.

* * *

NEW YORK UNEMPLOYMENT LAW

Insurance companies as well as all other employers domiciled in New York state will have to comply with the unemployment insurance law enacted at the recent session of the legislature and are figuring accordingly. The measure is applicable to all corporations or individuals employing four or more persons, "the greater part of whose work is per-

formed within this state," and who earn a weekly salary of less than \$50, including bonuses or other awards of whatever character. The act creates the "unemployment insurance fund," to which contributions shall be made by employers on and after Jan. 1, 1936, and from which benefits will be paid under defined conditions and for definite periods to persons losing their positions for other than inefficiency or any other good and sufficient reason. The initial contribution to the fund will be 3 percent of the payroll of employees affected.

* * *

NEW BOOK IS ISSUED

Harper & Brothers, New York City, have put out a book entitled "Life Insurance; a Critical Examination," by Edward Berman, who is a member of the department of economics, University of Illinois, and author of the book, "Labor and the Sherman Act." This is an outgrowth of study made by the author for the first social security commission.

He has made an authoritative study of the Massachusetts system of savings bank life insurance, which has been published by the U. S. Bureau of Labor Statistics. The cost of the book is \$2.

GENERAL AGENCY NEWS

Winners in Macon Agency on Deep Sea Fishing Trip

Twelve members of the J. C. Edwards agency of the Kansas City Life in Macon, Ga., were taken on a deep sea fishing trip as a result of a drive conducted during January, February and March for new business. The group met at St. Marks, Fla., where they boarded the "Suitsme" which went into the Gulf of Mexico and was anchored there over night. The next day a 20 mile trip into deep water was made where the group enjoyed the fishing. Those making the trip were: H. J. Claxton, Hawkinsville; F. E. Bentley, Roberta; C. T. Williford, Newton; L. L. Barr, TyTy; H. Megahee, Moultrie; Russell C. Davison, Columbus; R. W. Beard, Moultrie; C. T. Watkins, Swainsboro; J. C. Edwards, Sr., Macon; Glen Edwards, Macon, and J. C. Edwards, Jr., Atlanta. E. E. Chappell of Birmingham, Ala., an agency supervisor, made the trip as home office representative.

Bland Talks to Shapro Agency

Frank W. Bland, Pacific Coast manager of THE NATIONAL UNDERWRITER, addressed the B. F. Shapro general agency of the Connecticut Mutual Life in San Francisco on "Motivation in Selling."

Gordon Campbell Housewarming

Several hundred visitors paid their respects to the Gordon H. Campbell agency of the Aetna Life in Little Rock at the formal opening of the new offices in the Wallace building. The new quarters were adorned with bouquets from well wishers. The offices have been equipped with new steel furniture. The counter, which contains the card record files for all policyholders in Arkansas, is probably the longest counter of this kind in the state. Mr. Campbell's private office is done in the most modern style.

Honor Agents for Production

A. E. Payton, general agent New England Mutual Life, Los Angeles, held a breakfast-meeting of his agency in recognition of its achievement in producing 178 applications for over \$1,000,000 of paid-for new business, exclusive of annuities, in his honor during his absence at the company's agency con-

vention at St. Petersburg. The meeting was arranged by Joseph H. Gray, agency supervisor.

H. D. Leslie, general agent Northwestern National Life, spoke on "The Philosophy of the Life Insurance Business."

Million in Chace Month

A total of 362 applications for \$1,700,000 and nine group and wholesale cases was the record made during "Chace Month" by the Van Vliet & Keer agency of the Prudential in Newark.

White Agency's 3-Year Record

The E. F. White agency of the Connecticut Mutual Life in Dallas on June 1 completed its third year with that company. During that period it paid for more than \$11,000,000 of life insurance and annuities.

F. L. Wells, Baltimore general agent of the Aetna Life, has moved into new quarters at 19-21 South street.

INDUSTRIAL

Probe Bill Reported Favorably

BOSTON, June 11.—A favorable report on a bill for an investigation of industrial life companies doing business in Massachusetts was made by the house ways and means committee. It provides for the appointment of a recess committee of 13 and an appropriation of \$2,500 for expenses.

M. A. Hawkins Advanced

M. A. Hawkins, who led the state of Tennessee in production for the Commonwealth Life in 1935, and placed fourth in the entire organization last year, has been promoted from agent in the Chattanooga office to assistant superintendent in Nashville.

Uniform Act in Canada

The new Canadian uniform life insurance act, passed as a result of conferences attended by representatives of all provinces excepting Quebec, will become effective by proclamation in each province July 2.



When They Sang, "Meet Me In St. Louis, Louis"

In 1904, everyone was singing, "Meet Me in St. Louis, Louis," and planning trips to the "World's Fair" of that earlier day.

Among the crowds attending the St. Louis Exposition were thousands of Yeomen Mutual policyholders—for Yeomen Mutual was then nearly 10 years old, one of the fastest-growing companies in the midwest. That same growth and progress has continued down through the years, until today this 40-year old company is one of the strongest in America, with 25 Millions of assets and 60% of these assets in government and municipal bonds. If you like to sell strength, stability, modern policies, in a growing company, look into Yeomen Mutual.

"Service Through the Years"



Leads to New Business

Security Mutual field men need never want for leads to new business. Direct mail letters play an important part in agency service for both old and new agents. Actual results show costs downward from forty cents per thousand of business written

Visual sales material furnished offers added help at the critical moment. Home Office co-operation is traditional with Security Mutual Life.

Established 1886

Security Mutual Life Insurance Company

BINGHAMTON, N.Y.

NEWS OF LIFE ASSOCIATIONS

Sales Congress in Charleston

Attendance Exceeds 250—Steps Taken to Launch State Association—Dern, Finger, Jaqua, Schriver, Speakers

An unusually well-balanced sales congress, with an attendance of about 250 was held in Charleston, W. Va., sponsored by the Charleston Life Underwriters' Association with Lewis Milam, president.

Speakers secured by Dow C. Carver, Sun Life, chairman program committee were: A. R. Jaqua, associate editor, "Diamond Life Bulletins" published by THE NATIONAL UNDERWRITER; A. L. Dern, vice-president and superintendent of agencies Lincoln National; Ray H. Finger, manager Sun Life at Pittsburgh, and L. O. Schriver, Peoria, Ill., president National association.

Mr. Milam has been requested to continue in office for another year. At his suggestion steps were taken toward the formation of a state association in West Virginia.

R. G. Turney, national executive committee member, presented Mr. Schriver with a gavel and the other speakers with a book, "The Annals of Fort Lee."

At the morning session, Mr. Jaqua gave a number of selling ideas being used by successful agents, and suggested that, just as insurance selling yields the greatest amount of liberty together with economic security, so does an investment in life insurance give an individual the greatest amount of liberty plus the greatest amount of security.

President Schriver's book on "The Care and Feeding of a Life Insurance Agent" has made a particular hit with his story of the "Pig Liquidator Administrator." He discussed in some detail the characteristics of a successful agent.

Banker's View of Insurance

Mr. Dern complimented the agency force for their splendid work and suggested that a better appreciation of the benefits of modern life insurance was a great motivator. He said that as a former banker, Walter Head, president General American Life, once said that he always asked a potential borrower how much life insurance he owned for these reasons:

1. The insurance owner was one who recognized his obligations because he had already recognized his obligation to his family and to society.
2. He was a good physical risk.
3. He was a good moral risk.
4. He had proven his thriftiness.
5. Finally, in case of the death of the borrower, the bank would not have to foreclose, for the insurance would take care of the loan.

The session was closed with an inspiring talk by Mr. Finger, who told of his experience in rehabilitating 12,000 disabled soldiers after the war.

Seven men who had been in the business longer than 30 years were introduced, they being: John E. Crouse, general agent John Hancock, 32 years; R. A. Bickel, manager Home Life, 34 years; R. R. Woolf, general agent Home Life, 36 years; C. W. Pippen, general agent Massachusetts Mutual, G. E. Shinkle, manager Ohio State, 40 years; John F. Jones, Massachusetts Mutual, 38 years.

Cleveland Group Names New Officers at Annual Meeting

CLEVELAND, June 11.—W. F. Hoover, district manager John Hancock, was elected president of the Cleveland association at its annual meeting. Other officers named were: R. H. Denny, National Life of Vermont, vice-president; H. G. Johnson, Bankers Life of Iowa, second vice-president; F.

L. McFarlane, Aetna Life, treasurer. New directors are: J. J. Mayberry, Northwestern Mutual Life; Ross M. Norris, Security Mutual Life, and W. M. Liscom, New England Mutual. H. G. Wischmeyer, John Hancock, is national committeeman. In appreciation of the work of retiring President E. B. Fisher, National Life of Vermont, the association presented him a check to defray expenses to the National association convention in Boston.

Joe Phipps, Provident Mutual, was given high tribute for his 1,037 weeks of consecutive weekly production. Two members qualified for the Million Dollar Round Table: Don Kelly and George Schumacher. Winners in the Life Insurance Week essay contest were also announced.

To Install Chicago Officers

G. Franklin Ream, assistant superintendent of agencies, Mutual Benefit Life, will speak on "Our Business under Modern Highlights" at the annual meeting of the Chicago Life Underwriters Association June 16. In addition to committee reports and routine business, the following officers, recently elected, are scheduled to be installed:

President, Frederick Bruchholz, New York Life; first vice-president, A. E. McKeough, W. A. Alexander & Co., general agents Penn Mutual; second vice-president, C. B. Stumes of Stumes & Loeb, Penn Mutual, and treasurer, A. J. Johannsen, Northwestern Mutual Life.

For two-year term, directors are: J. F. Slack, Continental Assurance; L. M. Buckley, Albritton agency Provident Mutual; E. E. Crosby, Hintzpetter agency Mutual Life of New York; J. L. Catlett, Acacia Mutual; David Dawson, Mutual Trust Life; R. S. Edwards, Aetna Life, and one year term, F. G. Bray, Thurman agency New England Mutual Life.

Charleston, W. Va.—Addressing the sales congress here, A. L. Dern, vice-president and director of agencies Lincoln National Life, characterized the agent as "an ambassador at large from the great and good country of self respect." He offers cash in time of need, self respect, release from public charity, a stronger sense of personal responsibility and a potent tonic for morale.

Little Rock.—The association elected the following officers: George Vinson, John Hancock Mutual Life, president; F. A. Vineyard, Aetna Life, vice-president, and C. H. Wickard, Aetna, re-elected secretary-treasurer. E. B. Schlicker, Equitable Life of New York, and J. W. Nutt, Metropolitan Life, were elected directors.

San Antonio.—The association elected the following officers: Matthew Brown, General American Life, president; D. J. Farrell, Pacific Mutual Life, vice-president; W. W. Johnston, Kansas City Life, secretary-treasurer; G. E. Nowotny, Amicable Life, New Braunfels, national committeeman. Directors are: Starkey Duncan, Fidelity Union Life; Y. L. Russell, Acacia Mutual; H. L. Bridgman, Great American Life; G. G. Snow, Jefferson Standard Life; T. J. Bruner, Travelers; H. M. MacGregor, Southland Life; M. A. Ryan, Southwestern Life, and C. C. Wolfe, Union Central.

Lincoln, Neb.—C. A. Wilson, agency manager National Fidelity Life, was elected president to succeed J. D. Evans at the annual meeting. Nate Lieberman, National Life of Vermont, was named vice-president, and H. D. Gish, Travelers, re-elected secretary. L. M. Blankenship, Massachusetts Mutual, and H. A. Dillman, Security Mutual of Nebraska, are new directors. Probate Judge Reid discussed the value and handling of insurance estates.

San Francisco.—The entire slate of officers headed by T. A. Gallagher, Prudential, as listed last week, was elected at the annual meeting. The first meeting of the newly elected officers was a dinner at the home of President Gal-

lagher, at which James M. Hamill, retiring president, and a number of chairmen of important committees who had served the past year were guests.

Tulsa, Okla.—Francis R. Fee has been elected secretary to fill the unexpired term of Robert Moorhead, resigned. Mr. Fee recently came to Tulsa from Akron, O., as manager of the Tulsa branch of the Equitable Life.

Arizona.—The following officers, all residents of Phoenix, have been elected: President, Harold Singer; vice-president, Noel Maxey; secretary, Frank Losee; treasurer, Ralph Palmer; national committeeman, F. B. Schwenker; directors, Raymond Johnson, Fred Joyce, C. B. Wilson, Harold Webb and Mr. Schwenker.

New Castle, Pa.—The New Castle branch of the Pittsburgh association elected W. J. Stafford, manager Metropolitan Life, president; Daniel H. Treloar, Jr., Northwestern Mutual, vice-president, and L. M. Alexander, past president of the association, secretary-treasurer. It was decided to suspend activities until September.

Tennessee.—L. W. Rhodes, home office manager of the life department of the Interstate Life & Accident, Chattanooga, was elected president at a meeting of the executive committee in Nashville. Other officers named were: H. W. Pipkin, Johnson City, and F. W. Whitner, Memphis, vice-presidents; Nellie J. Roche, Nashville, secretary-treasurer.

Mr. Rhodes succeeds A. Walton Litz, Nashville general agent Great Southern

Life, as president of the state association. He is also president of the Chattanooga association.

Kansas City, Mo.—The annual meeting will be held at the Elms Hotel, Excelsior Springs, June 19. J. Franklin Ream, assistant superintendent of agencies Mutual Benefit Life, will be the guest speaker.

Augusta, Ga.—At the annual meeting these officers were elected: S. A. Cohen, president; Stewart Cashion, vice-president, and Alfred Monsalvatge, secretary-treasurer. James Boatwright was the retiring president.

Georgia.—At the annual meeting in Macon these officers were elected: C. E. Stevens, Macon, president; S. A. Cohen, Augusta; N. B. Maddox, Atlanta; E. E. Waller, Savannah, and Joe Jacobs, Columbus, vice-presidents; John E. Selser, Macon, secretary-treasurer.

Cincinnati.—L. O. Schriver of Peoria, Ill., president National association, addressed the local association at the annual election meeting.

Florence, S. C.—The following officers have been elected: President, Preston Manning; vice-president, I. B. Brown; secretary-treasurer, L. E. Flowers.

Spartanburg, S. C.—The following officers have been elected: H. T. Shockley, president; Hoyt Prince, vice-president, and J. B. Aiken re-elected secretary and treasurer.

LEGAL RESERVE FRATERNALS

Approve Merger of Fraternal

Grand Fraternity Is Taken by Ben Hur Life—Meixel Is to Be Eastern Manager

PHILADELPHIA, June 11.—Approved by insurance departments of Pennsylvania and Indiana and by governing committees of both organizations, merger of the Grand Fraternity of Philadelphia and Ben Hur Life of Crawfordsville, Ind., is now accomplished.

The merged fraternal will be known as Ben Hur Life with headquarters at Crawfordsville. The building of Grand Fraternity here will be eastern office with H. Bruce Meixel, president of Grand Fraternity, as eastern manager.

The merged organization has over \$56,000,000 insurance in force. Ben Hur was organized 42 years ago in Indiana. Grand Fraternity was organized in Indianapolis 51 years ago but was reincorporated in Pennsylvania in 1893.

Meixel Prominent Figure

Under the merger members of the Grand Fraternity retain the same rights. Mr. Meixel is past president Pennsylvania Fraternal Congress, and for the last five years has been secretary. He is a member of the executive committee and director Insurance Federation of Pennsylvania. Other officers of the Grand Fraternity—Joseph E. Williams, secretary; Ben Biscombe, vice-president; Frank H. Haller, treasurer—become members of the merged organizations.

Assets of the Ben Hur, of which John C. Snyder is president, as of Dec. 31, 1935, were \$10,388,605, reserves were \$8,440,158, contingent reserves \$100,443, valuation surplus \$752,689; insurance in force \$53,084,065.

Grand Fraternity, as of Dec. 31, 1934, had assets \$846,488, reserves \$726,613, surplus \$31,535, adult insurance \$3,556,704, juvenile \$57,643.

Homesteaders Agents Meet

Some 200 agents of the Homesteaders Life of Des Moines in convention there were addressed by Governor Herring, Mayor Allen of Des Moines, President H. J. Green and Vice-president Hayden Arrowsmith of the Homesteaders, the latter from Los Angeles. Secretary C. J. Graves was in charge of arrangements.

Field Managers Set Program

Production Chiefs of Fraternal to Have N. Y. Meet Aug. 22—C. L. U. Opened to Representatives

R. M. Norrington, secretary; Fred A. Johnson, a member of the executive committee and Norton J. Williams, president of the Fraternal Field Managers Association, held a conference in Chicago. A program was laid out for the first meeting of the new association, to be held at the Hotel Waldorf-Astoria, New York City, Aug. 22.

Four subjects are going to be discussed at the meeting. They are:

A training course for fraternal field representatives, Fred A. Johnson, president, Royal League, Chicago.

Values in fraternal membership, R. M. Norrington, field manager, Gleaners Life, Detroit.

Methods for financing fraternal field representatives, Arthur R. Colvin, general sales manager, Fidelity Life Association, Fulton, Ill.

Writing and conserving business, Alex O. Benz, president, Aid Association for Lutherans, Appleton, Wis.

Round Table Discussions

It is proposed that two subjects will be discussed at the morning meeting and two in the afternoon. After the paper has been presented by the one to whom he subject has been assigned, there will be a round table and general discussion by the field managers.

This committee also met with Professor S. S. Huebner, professor of insurance and commerce in the University of Pennsylvania. The committee had a discussion with Dr. Huebner on a training course for fraternal field representatives. On his recommendation, the C. L. U. courses have now been opened to fraternal field representatives. Fred A. Johnson will discuss this part of the program at the New York meeting.

Secretary Norrington has been instructed to circularize all of the fraternal societies operating on a legal reserve basis, who are members of the National Fraternal Congress, urging them to become members of the new association and asking that the person in direct

charge of the field department attend the New York meeting.

An attempt was made to get Dr. Huebner to appear on the program at the New York meeting. This is impossible because of the fact that Dr. Huebner will be out of the country. However, an invitation has been extended to him to attend the mid-winter meeting next February.

Function of the Fraternals

Commissioner Hunt Says Lodge System No Longer Attractive But Societies Still Fill Real Need

In addressing a meeting of the Verhovay Aid Association in Pittsburgh, Commissioner Hunt of Pennsylvania asserted that although the lodge, as a center of social life, is declining in importance, the fraternals can, by adapting themselves to modern conditions, fill a vital place as providers of insurance for people in the small income class.

The lodges, with their ritual and other functions no longer have the old attraction, he contended. But the original need for which fraternals were organized is more pressing than ever. The problem of insecurity is more complex than ever. The masses of the people still lack sufficient life insurance protection and well managed organizations, operated on a cooperative rather than a commercial principle, can cover a wide field. They can provide protection for those who would not otherwise be able to get it at all. He pointed out that the assets of fraternals have grown from \$55,000,000 30 years ago to more than \$1,000,000,000 now. Total fraternal insurance in force in Pennsylvania is more than \$500,000,000 held by 750,000 people in the state, and backed by societies with assets of more than \$750,000,000.

The fraternals, he said, have succeeded in reconciling brotherhood and democratic processes on the one hand with a readiness to adjust scientific economic methods to their problems.

Vetoes N. Y. Fraternal Bill; Department Was Opposed

ALBANY, June 11.—Governor Lehman has vetoed the bill for segregation of juvenile and adult assets and expenditures of certain fraternals and for submitting annual statements in one report by any society in separate reports, if segregation is authorized by by-laws.

The insurance department opposed the bill, saying:

"The most undesirable feature of the bill is that it is probably intended to

combine the assets of the juvenile and adult departments of fraternals which operate these two departments. It provides that the provisions of the insurance law pertaining to separation of receipts, disbursements, assets, funds and liabilities shall not apply to organizations with adequate rates. The adult branches of fraternals frequently lose money. The juvenile branches generally build up a surplus because of the low mortality among persons under 16 years of age. Almost all of the juvenile branches have a nice surplus.

"It was intended that the present surplus of the juvenile branches of fraternals should be separate and in trust. Contracts now in force were sold on that basis.

"The insurance law provides that the funds shall be kept separate and shall not be liable for, nor used for the payment of, the debts and obligations of the society other than the liabilities of the juvenile branch."

Fraternalists Gather in Great Philadelphia Rally

One of the most enthusiastic gatherings of the 1936 Pennsylvania Insurance Days held in Philadelphia was the luncheon conference under auspices of the Pennsylvania Fraternal Congress. The chairman was Fred A. Service, Protected Home Circle, Sharon, president of the congress.

Speakers were F. M. Speakman, consulting actuary, on "Security of Fraternal Societies from a Scientific Viewpoint"; T. H. Walters, Junior Order United American Mechanics, on "Our Future"; Michael Holod, president Russian Brotherhood Organization, on "The Foreign Speaking Society as an Asset to Fraternalism"; A. P. Cox, secretary Artisans Order of Mutual Protection, on "Social Activities," and H. E. Walter, secretary Funeral Benefit Association, on "The American Fraternalist."

Observe W. O. W. Anniversaries

OMAHA, June 11.—Two ranking officials of the Woodmen of the World, who between them have given 77 years of their lives to the insurance business, celebrated a mutual birthday here.

John T. Yates, secretary and one of the original founders, observed his 80th anniversary, while Col. T. E. Patterson, vice-president, saw his 69th birthday.

Mr. Yates is the only living founder of W. O. W., which began in 1890. On the side, Mr. Yates writes novels, composes verse and author's short stories. Colonel Patterson, who got his title in the Spanish-American war, came to Omaha in 1904 to become a member of W. O. W.'s board of auditors.

Fraternalists File Missouri Suit

Three more fraternals—Woodmen Circle of Nebraska, Woodmen of the World and the Catholic Order of Foresters of Illinois—have filed suit in federal court at Jefferson City, Mo., to restrain Superintendent O'Malley from collecting a 2 percent tax on gross Missouri premiums.

Like the other seven filing suit previously, the companies claimed they were fraternal benefit associations and not legal reserve life companies and therefore not subject to the tax. They also asked that Superintendent O'Malley be restrained from revoking their licenses.

Officials Address Clubs

Two officials of the Aid Association for Lutherans, Appleton, Wis., gave talks on life insurance before civic organizations of that city. President A. O. Benz addressed the Rotary Club and Actuary J. D. Reeder, the Kiwanis Club.

Discontinues in Arkansas

LITTLE ROCK, ARK., June 11.—Commissioner Gentry reports that the Ancient Order United Workmen of Kansas, one of 46 fraternals which the

state sued to collect more than \$1,600,000 back taxes, filed notice of intention to discontinue writing in Arkansas.

Rate Increase Attacked

BELLEVILLE, ILL., June 11.—Trial of the suit against officers of the Royal Neighbors of America is under way here.

The plaintiffs charge that rates have been doubled for some members under new schedules voted Sept. 24, 1935. They contend that only new members should be charged the higher rates.

Pittsburgh Supervisors Meet

At a meeting of the Pittsburgh Supervisors Club, President G. H. Moore resigned, having been appointed general agent of the Pittsburgh office of the State Mutual Life. Oliver Thurman, Jr., supervisor Ream agency Mutual Life, was elected to succeed Mr. Moore. J. I. Davis, supervisor Home Life, was named to fill the unexpired term of G.

R. Eggers, resigned, on the membership and attendance committee.

W. C. Young, representative of the Master Sales Talks Recording Service, explained features of the system and presented recordings of talks by Ralph Engelsman, New York City general agent Penn Mutual Life, and Dr. S. S. Huebner, president American College of Life Underwriters. The club will suspend regular meetings until fall, although a golf party and outing are planned this month.

Webster Jacksonville Head

J. Burton Webster, Florida general agent Penn Mutual Life, has been elected president of the Agency Directors Conference of Jacksonville, Fla. He succeeds Angus Rosborough, Jefferson Standard. Jay Becker, John Hancock, is secretary-treasurer.

Read the **Accident & Health Review**, sample copy 10c. A1946 Insurance Exchange, Chicago.

The A. O. U. W. of North Dakota

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All Forms of Modern Life Insurance Contracts

ORDINARY LIFE
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Non-cancellable Sickness and Accident Insurance.
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A legal reserve, fraternal benefit society which insures women and children

Dora Alexander Talley
National President

Mamie E. Long
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A Leader - Not A Follower

Field Representatives Are Human. They Like to Know They Are Associated with a Company That Is Up-to-Date.

On January 1, 1936, we issued a Complete NEW LINE OF POLICIES. American Experience Table of Mortality—3% Interest Basis—(Now Used by Leading Insurance Companies).

You will be Interested in Our Literature.

Write

Equitable Reserve Association

NORTON J. WILLIAMS, Vice President
Neenah, Wisconsin

Commissioners Give Views on Investments at St. Paul

(CONTINUED FROM PAGE 2)

affording a small return and buy securities of a speculative character providing a higher yield. Such a policy would be decidedly unfortunate.

"The depression has taught the public that a conservative investment policy is the safest and best. There is reason to believe companies have profited by this lesson." It has taught the folly of seeking volume at expense of quality, of counting on investment appreciation to offset underwriting losses on carelessly selected business."

Notes Diversification and Amortization Factors

Diversification has been an important factor in promoting safety. An outstanding lesson of the depression, Mr. Blackall said, was that amortization of mortgage loans affords a safety factor of first importance. If this had been practical in the past many troubles would have been avoided. He found amortization payments are demanded on new loans in most cases and the general level of appraisals is reasonable. Experience on such loans should be satisfactory.

He said cheap money is an important factor in promoting economic recovery, encouraging business expansion, building construction and launching of new enterprises, yet the prospect of continuance of the low interest rates is causing concern among life company officials. It has caused decline in investment income, reduction in dividend scales and increase in non-participating rates by many companies. A reduction of 1 percent in net investment yield, he said, will reduce average policyholder's dividend per thousand about \$2 a year.

Gives Figures Showing Percentage Status

Holdings of bonds are double those of mortgage loans, a complete reversal of 1931. Railroad bonds, he said, declined from 33.3 percent of assets in 1906 to 13.3 percent in 1935, the stake of life companies in the railroads still, however, being \$2,930,000,000, or more than three times the total of farm mortgages held by life companies. They generally hold underlying liens on essential properties and ultimate losses on rails should be proportionately small.

The percentage of public utilities held increased from 4.7 in 1906 to 10.4 in 1935, life companies generally keeping utility investments close to underlying properties. State, county and municipal bonds totaled 5.5 percent in assets in 1935, conforming in general to all fundamental requirements.

Substantial increase in U. S. government holdings occurred in the last five years, Mr. Blackall said. Drying up of the bond market in the depression greatly narrowed the classes of suitable investments available.

Mortgage Loans Decrease Steadily in Depression

Mortgage loans, he said, always have seemed peculiarly suitable as investments for life companies, the principal being a first lien on real estate and the interest return excellent despite downward trend due to defaults on old loans and lower rates on new commitments. However, percentage of mortgages to total assets has steadily declined since 1927, due to foreclosures, the small supply of such loans being due largely to lack of new construction.

Real estate at the end of 1935 totaled 8.9 percent of assets, the highest since 1906. Real estate in substantial amounts is not suitable for life company investment, he said. Net return on these holdings has been negligible or a minus quantity. Liquidation of the properties may require several years since companies cannot glut the market with offerings.

"I believe that where companies have conservatively carried their real estate on the books without adding large amounts of expenses and taxes advanced," he said, "and particularly past

due interest, they may expect no material losses from sales in the aggregate." Enhancement of property values may occur.

Mr. Blackall said from 10 to 12 percent of new investment money of life companies is being placed in urban mortgages, the supply of such loans being greater than in the rural fields.

The proportion of policy loans to total assets, normally around 12 percent, reached 18 percent in 1933, and is returning to normal. Policy loans are the ideal investment but are still not desirable because they lead to lapsation. By adjusting policy loan interest rate, the scale of cash values and, in mutual companies, dividend scale, it is possible, Mr. Blackall said, to make it always unprofitable to surrender a loaned policy to take new insurance. This problem, he said, should be attacked by the companies cooperatively.

FOR LOW INTEREST

Deputy Commissioner John Speidel of the Iowa department said that while cost of making and servicing real estate mortgage loans is high and company officials must secure adequate return on invested funds, it might be a blessing in disguise if life companies would offer lower interest rates on good farm mortgage loans. He said most companies have considerable real estate taken under foreclosure, of which they should divest themselves. He said low interest might be an inducement to prospective buyers. Both price of land and facility with which it could be sold would be helped. This would also discourage agitation for government lending on farm mortgages at a low rate. He said companies can well afford to contend for their share of farm mortgage investments.

Says Farmers Feel That Interest Rate Is Too High

Some new farm loans are being made in Iowa at 4½ percent. On the present price level conservative loans on good farm land are on a par for security with government bonds. There is a widespread feeling in many farming sections, Mr. Speidel said, that interest rate on farm loans is higher than the money market warrants.

Land held by life companies present a problem of national significance. He emphasized that life companies are organized to conduct an insurance business, not operate farm lands. He said the holdings were acquired honestly, against the companies' desire, and to protect policyholders' funds. The companies are to be commended for their conservation programs of repairs, improvements and good farming methods. Treatment of former owners often has been more liberal than circumstances warranted. Companies should not be expected to assume undue losses on the land investments.

Notes Rural Animosity for Corporate Owners

However, there is a strong feeling of animosity in rural sections against corporate ownership and operation of farm lands. It is said that pressure may be brought to induce corporations to get rid of large farm holdings, Mr. Speidel said. Some companies are reported to be holding these lands as a hedge against inflation, and for profit on higher prices. "The wisdom in such a course is doubtful," he said. "It invites reprisal legislation from state legislatures; also, there is no assurance that land prices will be sharply higher."

"An indispensable asset of the insurance business is public confidence and good will," he said. "Unless companies make an honest effort to divest themselves of depression-acquired real estate, farm lands in particular, the good will of the mid-western rural-minded people will be seriously impaired. Any company that delays action in this matter is making a mistake."

Practically all first grade farms sold by companies in the last year yielded a profit over cost of acquisition, while the majority of cheaper farms had to be

Value of Direct Mail Shown by Northwestern Mutual

Interesting results of an experiment in the use of direct mail by the Northwestern Mutual Life were revealed by Chicago agents of the company at the sales clinic sponsored by the Chicago Association of Life Underwriters. The analysis was presented by A. J. Johannsen, assisted by E. O. Paulson and Dan Kaufman of the Hobart & Oates agency.

The experiment was conducted to obtain a practical analysis of effective and ineffective mailing, to determine if mail and followup increases production and to clear up widespread misunderstanding on the part of agents. The group of agents chosen for the experiment represented those with six months to 25 years experience; ages 24 to 55; average production \$2,500-\$300,000 per year, and 15 men used as a cross section.

Duplex Letters Are Used in the Test

Duplex letters, consisting of a mail and call piece, were used. They were prepared by the Northwestern Mutual, signed by Grant Hill, director of agencies, and presented a unique appearance. They carried messages on the following: Retirement income, family income, ordinary life, mortgage cancellation, education, married women and business women. The mailing consisted of one letter per man per day for three months, giving over 1,000 experiences. Letters were followed up with personal calls in 24 to 48 hours after receipt. There was no high pressure supervision and no rule as to whom the agent must send them, each agent deciding for himself.

Striking results were achieved: Production during the experiment period—March, April and May—totaled \$1,114,270, or an increase of 16 percent over production for the same period in 1935. It was pointed out the increase was greater than the general business is averaging. Business was written as follows: Thirty-seven cases for \$248,166, the average policy being \$6,700. The average first year commission was

\$88.60. About 22 percent of the agents' business varied from 3 percent to 50 percent. Of those receiving the letters, 164 were classified as good prospects for sale within six months and 17 gave names of other prospects.

Analyses of the Cases Sold

Cases were analyzed as follows: Nineteen of ordinary life, representing 18 percent of the letters and 50 percent of business; 14 retirement income, 30 percent of letters and 37 percent of business; two term for 6 percent of business and two family income, representing 11 percent of letters and 6 percent of business. Prospects were divided as follows: Six followup, three referred, 7 new prospects, 12 policyholders, nine old prospects and others national advertising leads. Sales averaged one app for 28 letters among men and one app for 10 letters among women.

Conclusions Drawn From the Experiment

Although the plan called for 1,080 letters, 936 were actually mailed, 893 actually followed and 700 seen. Days between mail and call averaged three and four-tenths and between mail and time seen, five days.

The experiment, according to Mr. Johannsen, pointed to the following conclusion:

(1) Mails are not the answers to the agent's prayer. (2) Results should not be judged by short experiments, but rather by averages. (3) A mailing piece will not hurt any case—the better the prospect, the more need for mailing piece. (4) The agent should not wait too long to call. (5) The agent cannot expect to be more than 60 percent correct in guessing what kind of policies the prospect will buy. (6) The agent can expect better closing ratios, more retirement income policies, more self-control, better prospecting and greater confidence when making the call.

a fair return on the investment while poor farms yield almost no return, while requiring close supervision by the owner and a good livestock man for tenant to make any return at all.

Mr. Speidel said that last year five companies, two Iowa and three non-Iowa, owning in total well over 2,000 Iowa farms, sold a third of them at a price that allowed them to break even on the investment. This was done by establishing a price on each farm and conducting an energetic selling campaign. Many companies with large holdings made almost no sales. A check of annual statements, he said, showed more than 12,000 Iowa farms held by insurance companies, averaging 184 acres and carried at an average book value of \$79 per acre. These Iowa holdings, he said, equal more than a fourth of total value of all rural real estate owned by life companies of this country. Sold at a loss, he said. Good farms yield

teammates and stating that either one alone fails to meet the entire need. He strongly deprecated the idea advanced by some life insurance men that the face value of a policyholder's life insurance would be sufficient to carry him through any emergency caused by accident or illness. He said that these cash values should be left undisturbed and that the records show that three out of four cases of borrowing on these values lead to lapse.

Disability Form Is Necessity

After referring to the difficulties encountered by the life companies in writing the permanent and total disability form, he declared that from an economic standpoint such protection is a necessity for the American family, that the companies will have to solve the problem in some satisfactory manner, and that he is very hopeful that a basis can be found on which this business can be written.

Mr. Doolin pointed out the need for research in the accident and health field, propounding many questions which he said ought to be answered and which have already been answered or are now being studied in connection with life insurance. He spoke at the agency management session, as did Mr. Weaver. The central theme at that session was "Results from Research." Col. J. W. Blunt, Monarch Life, who presided at that session, stressed the necessity for greater factual knowledge to guide accident and health agency departments. Mr. Owen gave his inspirational address, "Thirteen Keys to Success."

George R. Kendall Elected Head of H. & A. Conference

(CONTINUED FROM PAGE 3)

On the lack of provision for old age support, he pointed out that two out of three men who start in business life at age 25, live to be 65. He pointed out that provision should be made for these two as well as for the one who has died mean time.

He pointed out the close relation between life insurance and accident and health insurance, describing them as

SALES IDEAS AND SUGGESTIONS

Finds Policyholders Are Best Source of Prospects

John W. Wulf, Cleveland office Massachusetts Mutual Life, who has just completed 1,000 consecutive weeks of production, uses his policyholders as a source of 95 percent of his prospects. Most of them come by indirect suggestion and solicitation. He seldom asks outright for names of potential buyers. When he does, he says, they usually do not amount to much.

Mr. Wulf writes the average type of person and his policies are not generally large, being about \$3,800. Such types as superintendents and foremen have been especially good because they represent a stable class and are the last to be thrown out of employment. They receive good salaries and are good policyholders. Beyond that, they make good centers of influence; they are discriminating in their recommendations and will not give out the names of worthless prospects.

Works Out Schedule Only Day in Advance

Unlike many agents, he works out his schedule only a day in advance. He usually has 25 or 30 prospects on file at all times and keeps this up by listing suggested persons who come to him through conversation with policyholders. At the end of the day he lists the people he has called upon for future approach and has a constant record of the past.

Mr. Wulf's success comes from salesmanship acquired by many years' experience. He is not only a good judge of character but can sense conditions and thoughts. The environment of the home tells him just about how far he can go and the attitude of his prospects is brought out through the course of the conversation.

He is careful to have every favorable condition. For instance, if a chair isn't compatible to his makeup, he seeks another chair where the atmosphere is positive and harmonious. Another thing, he makes sure that he doesn't drive past a prospect's house when he is making a call. If he parks his car beyond, he says, he will not sell a policy. He can also tell by the atmosphere in a house whether he will get any business. These are superstitions but are of great help to him.

Never Uses High Pressure in Selling

Mr. Wulf makes a point not to talk insurance when conditions are unfavorable and he never uses high pressure. Wherever possible, he takes his wife along on night calls. This gives him a flow of conversation which he can analyze and Mrs. Wulf often puts over just the psychological touch which is needed to sell a policy. And on these "social-sales" calls, he lets the prospects bring up insurance if possible. They know what his business is and why he called. Thus, they often suggest the subject themselves. However, if he finds it necessary to inject insurance into the conversation, he does so indirectly by mentioning a third person—someone they know or living nearby who has perhaps taken out just the kind of policy that might fit the immediate prospect's needs.

At the end of the day he schedules his calls for the following day, observing any dates which he has made in advance. Not only has he produced over \$250,000 annually for 20 years but his applications represent practically 100 percent paid for business.

Blind Senator in Colorado Making Good As Life Man

Totally blind for 18 years, having lost his eyesight while in active war service overseas, State Senator Roy M. Chapman of Grand Junction, Colo., who started writing life insurance late last summer, has established a notable record. In his first six months in the business—in a small Colorado town—he paid for 50 to 60 percent more business than is necessary to qualify for renewals in a great many companies.

Aside from his physical handicap, his record would be one of great interest, as there are not many small-town life men who pay for such a volume of business their first six months.

Following his return to this country from France after giving up something almost as priceless as life itself, he entered the stationery and office supply business in Grand Junction, and continued with the store for 14 years. About 12 years ago he became interested in life insurance and came very near going into the business then. In 1934 he sold his office supply store and was elected state senator. During his term in the senate a senatorial investigation was made of the affairs of Colorado mutual benefit societies, and the operation of the state insurance department. Senator Chapman was a member of this investigating committee, and as he points out, this made it possible for him to appreciate the value of long established companies. His committee service threw him into contact with numerous Denver managers and general agents, and shortly after the legislature adjourned in 1935 he became an agent in Grand Junction for the Prudential ordinary department under Manager Glen McTaggart of Denver.

Has Many Outside Activities

He was successful from the start, even though other things, including a recent special session of the legislature, have demanded much of his time. In addition to his official state duties, he has many others in his native town of Grand Junction to keep him busy. He is married and the father of two boys, the oldest 12; a member of the state commission for the blind; deputy governor for District 6 of Lions International; a member of the Grand Junction Chamber of Commerce; is active in the Grand Junction group of the Colorado Life Underwriters Association and a past president of the Grand Junction Club.

Senator Chapman likes the life insurance business because it serves the man in the lower class just as it does those in the middle and higher classes. It offers all of them, he says, sound savings that will protect families against death and old age, not possible to obtain in any other way.

He believes the man with a small income should carry nothing but ordinary life, because even though he does need insurance, he should not gamble with his protection by trying to pay a higher rate and then finding it impossible to meet

the full premium. If he reaches a position where he does not need this insurance, he can always take the cash value. There is one point on which Senator Chapman takes a very determined stand. This is that a man should gradually build up enough insurance to provide definitely for the necessities of life after his family can no longer depend on his income. That should be the one idea in mind, and from this point on he can provide for the luxuries of life in any manner he chooses.

In his opinion the good life man is the one who can organize his own time and has initiative. If he gains the confidence of his clients, it will be easy for him to understand their problems and how different contracts will be most helpful. That Senator Chapman has these two qualifications is evident. Time must be organized very efficiently to write such a volume, and yet keep up with other activities. Initiative must be possessed in abundance to undertake the task of making up his own complete rate book in Braille. It is one of the very few in existence, excluding those published by the New York Life, the only company having such a service.

He regards life insurance as a good field for the blind. However, he emphasizes, all agents, regardless of sight, must have initiative and ability to organize time.

Gradual Descent Taken Down the Stair Steps

Ralph G. Engelsman, general agent Penn Mutual Life in New York City, says there is an opportunity for additional life insurance when many agents may conclude that a man's program has been completed. He may have adequate monthly income for his dependents and other demands taken care of. Mr. Engelsman, however, makes this suggestion as an approach:

"It is true that you have provided very well for your dependents and made provisions for death demands. Of course you realize the fact that if you die your family cannot maintain the same standard of living. It is not reasonable to think they will. That is, part of your earning power is cut off. Let me suggest this. Your family may be living on the tenth floor, so to speak, so far as its standard is concerned. When you die, it will probably have to go to the sixth floor. Now that is quite a jump. Would it not be well to provide steps from the tenth floor down so that your family can walk rather than jump? That is, the descent should be gradual. We should see to it that there is nothing extreme required, nothing that is too severe."

Mr. Engelsman advised the agents to draw a line across the page writing above it, "tenth floor." Then there should be lines down, ninth, eighth, seventh and sixth. There should be a line vertically showing the leap downward. Then there should be steps leading from the tenth down.

In this connection Mr. Engelsman advises that an additional policy be taken out providing for a monthly income lasting for three or four years or during the time the estate is being probated. He points out that this will enable the family to descend gradually. They may go down to the ninth or eighth floor, then to the seventh and then to the sixth. They can do this while the extra monthly income is being used and by that time they would be adjusted to their new income. Mr. Engelsman said that this has a special appeal to thinking men as being logical and very desirable. The extra monthly income need not last for very many years. The man must decide himself just how long it will take to reach the lower level.

Use of Income Options Presented

Life agents should divorce themselves from the thought of making money and think more in terms of the prospect, declared C. Vivian Anderson, Provident Mutual Life, Cincinnati, at the annual meeting of the Cincinnati Life Underwriters Association.

Mr. Anderson who is past president of the Cincinnati, Ohio and National associations, drew from his own experience in his address on "The Use of Income Options."

Should Practice Fundamentals

"I believe in the teaching and practice of fundamentals," he said. "Without them, we will get nowhere. We should not try to apply new ideas every day. And, above all, divorce your mind from the thought of making money. Your prospect can sense you are hard up and that you are putting on the pressure because you need money. Think in terms of the prospect and his needs and money will take care of itself. There are a million ways to get confidence and only one way to hold it—deliver 100 percent!"

"Each man must determine just how much he is willing to punish himself to get more business. There are three desires in all of us: (1) The desire to make enough money to take care of our families; (2) to accumulate enough to take care of the family in event of death or total disability; and (3) to take care of ourselves in old age when earning ceases. The only thing which will fill these three desires is life insurance.

"Income is the most essential thing today and people realize it more since their investments over the past few

years have not paid what they expected. People are definitely income conscious. And life insurance is the only instrument guaranteed to produce.

"The first step in a sale in my mind is to make a man realize that his present insurance is inadequate—insufficient to meet the needs of his beneficiaries and himself. Talk in terms of human relationship and not income insurance.

Training of Agents

"The best way for general agents to train their men is to canvass them directly. If you can get your producers to take out more insurance themselves they will be better sold on it and will push their own activities to earn more for the additional premiums."

Mr. Anderson stressed the need of fixing insurance incomes to better take care of the surviving wife and children. Few women can invest wisely and the safest insurance for them is the kind which guarantees definite payments at regular intervals. Payments and income options must be governed, however, by the individual conditions of the case. Some women are thrifty, others are not.

Dougher Elected President

H. W. Dougher, agency supervisor John Hancock, was elected president Los Angeles chapter of C. L. U. at the annual meeting. Other new officers are: Vice-president, Jack White, Prudential, and secretary-treasurer, F. W. Pierce, Pacific Mutual. The new board consists of Alvin Kingsbacher, Equitable of New York, (retiring president); R. L. Hoghe, Equitable of Iowa; F. W. Foraker, Pacific Mutual, and Marvin Sher-

man, Equitable of New York. Mr. Dougher is a graduate of the University of Southern California and holds a B. S. degree in business administration. He was chairman of the educational committee of the Los Angeles chapter in 1935-36. Fifty candidates will take examinations in June for some section of the C. L. U. examinations, and approximately 18 new candidates will complete their examinations and be awarded the designation. Reynold Blight, C. P. A., of Blight & Wheeler, accounting firm, was the speaker, talking on "Why Tomorrow Will Be Better Than Today."

Boston Election Outlook Scanned

(CONTINUED FROM PAGE 1)

lar men of the association and made a big hit at the Milwaukee convention in 1934 by graciously resigning after having been nominated a trustee, so that A. E. Patterson could become a trustee and be in line for election as vice-president the following year.

Another possibility is E. A. Crane of the Northwestern Mutual of Indianapolis, although it is not likely that a middle westerner would be the choice this year, with Mr. Fischer removed from consideration. The other trustees who are not past presidents, and would be eligible for election as vice-president are men of standing, but they have not been as prominent in the National association for as long a time as some of the others. They are: E. R. Gray, Prudential, Des Moines; F. B. Summers, New York Life, Boston, and T. G. Young, Metropolitan, San Francisco.

CUMMINGS' POSITION

DALLAS, June 11.—Texas life insurance men, through local associations, are going to ask the nominating committee of the National Association of Life Underwriters to recommend O. Sam Cummings, Kansas City Life, Dallas, as a member of the official family of that organization.

Mr. Cummings is now secretary of the National association, but the Texas life men are not going to ask that he be reelected to that position. They are going to ask for a National association office for him and leave the selecting of the official position to the powers that be.

Mr. Cummings, it is said, likes that method of handling the matter, since he does not wish to be a candidate against any official member of the association.

The agents, it is said, would like to see Mr. Cummings named vice-president of the National organization, but in line with the view of Mr. Cummings, they will not ask he be named to any particular office.

Some of the Texas life men say they believe the association will name Mr. Cummings vice-president because of his active work for the organization over a long period of years. This would be a stepping stone to the presidency and those associates of Mr. Cummings would like to see him head of the association in the near future.

Palmer Is Slated for Presidency

(CONTINUED FROM PAGE 1)

of house cleaning if they cared to. He urged cooperation with the secretary of state to prohibit the incorporation of these outfits, chiefly burial and mutual benefit assessment concerns. Gentry, Arkansas, took the position that the commissioners were powerless unless they had additional legislation. Many states, he said, do not give the commissioners any authority over these outfits. Dawson, South Dakota, said he had been able to throw five concerns in his state in bankruptcy. He held state laws should control and no federal legislation should be invoked.

Bowen, Ohio, has run a number out of his state. A law was passed prohibiting an unauthorized company from using the radio, papers or magazines to advertise its wares.

Mr. Gentry said he could get no cooperation from Missouri on this subject. M. E. Bean's outfits in Minnesota, he said, are raiding the country. Mr. Bowen said 188 unauthorized assessment institutions from other states invaded Ohio. His office has instituted a department of investigation to run down fraudulent claims. In one county

he said there are 640 individuals under suspicion.

R. M. Redmond, Chicago, president Illinois Brokers Association, urged a federal statute to prohibit the use of the mails to an outfit domiciled in a state without being licensed therein. Almost all the complaints on unauthorized insurance, he said, are due to life, accident and health operations.

Owing to the attractive golf courses at the Twin Cities, that is the favorite pastime and a resourceful local committee arranges for the playing. There was a big dinner Tuesday night for all registrants given by the Minnesota Association of Insurance Agents, St. Paul Fire Insurance Exchange and Minneapolis Board of Fire Underwriters. Director Palmer of Illinois acted as master of ceremonies, the entertainment being professional.

After the meeting Tuesday the men were taken on a sight seeing trip ending at the Lafayette Club on Lake Minnetonka where Col. Joseph Button of Washington, D. C., head of the Stock Company Association, assembled the Pamunkey Indians for ceremonial.

Wednesday was set apart for free lance entertainment. Most went for the day to the White Bear Yacht Club for fishing, boating, golf and water sports. Thursday evening was set aside for dinner, dance and entertainment, it being the finale of the lavish display of local hospitality.

Commissioner Yetka of this state is physically handicapped due to his automobile accident but he is heroically on the job as the official host.

McNairn on Uniformity

Insurance Superintendent McNairn of Ontario presented a paper, reviewing the success in Canada in obtaining uniformity of insurance law and policy provisions, etc., among the provinces. The object in later years of the Canadian Insurance Superintendents Association has been that no legislation recommended should be proclaimed effective until passed by all provinces except Quebec. That province presents a special problem due to its civil law, it being based on the French civil code.

Mr. McNairn recalled that in 1923 the superintendents' association adopted a uniform life insurance act which was subsequently enacted by all provinces except Quebec. With only one minor amendment the act has remained on the books unchanged to the present. Certain amendments were approved by the association in 1934 and certain others in 1935. These were subsequently enacted to be brought in force by all provinces except Quebec at their 1935-36 legislative sessions. By inter-provincial agreement the amendments will be proclaimed effective July 2, 1936.

Mr. McNairn said the time is now ripe for a revision of the accident and health uniform provisions. Amendments to the statutory conditions and a means of standardization of policy forms appear to be needed, he said. A special committee of the superintendents' association will submit a report to the August conference and action may be expected, he said.

At the moment, according to Mr. McNairn, there is a balance between provincial and Dominion authority in insurance supervision and regulation. The superintendents' association is doing a real job of uniformity and coordination in laws and practices.

Executive Committee Acts

At a meeting of the executive committee Monday it was decided to hold an executive session at this meeting of the association on Friday.

The report of the committee on blanks containing suggested changes in the annual statement blanks for company statements as of Dec. 31, 1936, was approved.

The committee voted to recommend the appointment by the president of a special committee of three or five members to study the standard health and accident policy provisions heretofore approved

by this association, and also to study the question of whether or not standard provisions should be approved by this association for group health and accident insurance policies and group life insurance policies.

Greetings Are Extended

The first business session was held Tuesday morning with W. A. Sullivan of Washington presiding and the loud speaker squeaking. Commissioner Yetka of Minnesota, the host commissioner, stated that until Saturday noon, he did not know whether he would attend the meeting because of serious aftermath of his automobile accident. He extended greetings on part of his department and the state in the absence of Governor Olson. He introduced Mayor Gehan of St. Paul who brought the city welcome.

Insurance Director Ernest Palmer of Illinois made the response. He referred to the fact that the first commissioners' convention held in Minnesota was 59 years ago. Five annual meetings have been held in Minnesota. It has given five presidents of the commissioners' association.

The roll call by Secretary Read of Oklahoma showed 38 states represented and four Canadian provinces.

President Sullivan presented a strong address, advocating a uniform insurance code, legislative appropriations for the commissioners' body, the use of the convention machinery for examinations, denouncing stock manipulation, company exploitation and lauding the function of fraternal insurance.

Social Security Acts

At the afternoon session Tuesday Commissioner Yetka of Minnesota, talking on social security, said the basis of such acts started with workmen's compensation. It was enlarged to provide for the blind, crippled, care of indigent children, etc. He does not believe the burden of social security insurance administration will fall on the commissioners. Some of the features are not involved in insurance problems. Other bureaus will handle the work. He suggested that one board should have supervision over all social security activities.

Williams on Social Security

John Sharp Williams, III, commissioner of Mississippi, read a paper on "The Federal Security Act as It Affects Insurance." So far as fire and casualty insurance is concerned, he said, the effects of the social security act will be no greater than that to any other industry in which the employer-employee relationship exists. He expressed the belief that the position will prevail that the agent is an independent contractor and his commissions will not be taxed and he will not come under the act.

Due to the uncertain amount of benefits in the old age pension set up, the lack of vested interest with no cash or loan value available, the fact that the maximum that could be expected is nominal and the possibility exists of amendment or repeal in the future, one cannot afford to rely too much on this for his financial independence and happiness in his old age, according to Mr. Williams.

No Substitute for Insurance

He voiced the opinion that Congress did not intend to offer these benefits as a substitute for life insurance or private annuities in any sense of the word. The social security legislation is having the effect, he said, of focusing attention of the public on the desirability of providing for old age. Many of those eligible for the pension would not be eligible for life insurance, he said. Many who will participate would not carry life insurance in any event. Others are legitimate prospects for insurance since they will not be satisfied with the amount of benefits they will receive under the act and they will be reminded each pay day of the fact that the protection of their dependents and their own protection in old age are of sufficient importance to warrant governmental action.

"The interest that is thus aroused, the discussion that is being indulged in, the ability of the people through insurance

to map with certainty a financial program for the future, the appeal to the thrifty to adjust their future financial happiness through their ability of today will all conspire to increase the demand for and the popularity of life insurance," he concluded.

Bids for Annual Meeting

Indianapolis is seeking the 1937 annual convention with Commissioner McClain as the potent proponent. He is ably backed on the ground by President Edward B. Raub of the Indianapolis Life. Another contender is Puerto Rico through its delegate, Hector R. Ball, who is urging a boat trip with all hands aboard, a few days on the island for the meeting and sight seeing, and a sea voyage returning. Louisville put in a perfunctory bid but the Kentucky commissioner is not here nor any company official of the state, so it is not seriously considered.

There were special entertainment features for women. They were given a sight seeing trip Tuesday afternoon with tea at the Minikahda Club, Minneapolis and dinner later at the St. Paul Women's City Club. On Thursday morning the schedule called for breakfast at Lowell Inn, Stillwater on the Mississippi and then a visit to the home of Mrs. J. C. McKown, wife of the vice-president of the St. Paul Fire & Marine at Marine-on-the-St. Croix. Mrs. H. W. Ahlstrom, wife of the Minnesota Mutual Life vice-president, is chairman of the ladies committee.

DETROIT RECEPTION

DETROIT, June 11.—When the cars bearing the delegates to the commissioners' convention in St. Paul reached Detroit shortly after seven Saturday morning, a reception committee consisting of Raymond Waldron, Detroit F. & M.; Ralph Wade, Michigan Mutual Liability; Commissioner Ketcham and George Carter, prominent local agent, escorted the visitors to the Detroit Athletic Club.

A reception line headed by President W. G. Curtis of the National Casualty and including 20 company executives together with Commissioner Ketcham; George Carter and John F. Cole, president Detroit Association of Insurance Agents, greeted them. Breakfast was served with the compliments of the Affiliated Insurance Interests of Michigan.

After breakfast President Curtis extended a welcome to Detroit and Commissioner Ketcham welcomed them on behalf of the department. Motor cars were placed at their disposal throughout the day. D. F. Broderick, head of the Broderick agency, entertained them at luncheon at the University Club and groups visited the Ford Motor plant and Henry Ford's Greenfield Village in the afternoon, leaving the city at 4:30 for Chicago.

STOP AT MADISON

MADISON, WIS., June 11.—Madison gave a royal welcome Sunday to insurance commissioners and their parties on a special train en route to St. Paul. The commissioners and other insurance officials were guests here of Commissioner Mortensen, and the Wisconsin companies.

Breakfast was served to 110 in the Madison club, and Mayor Law welcomed the visitors. Afterward the group toured the city, attended a reception by Governor La Follette at the capitol, and took a short inspection tour of the capitol. The guests were received in Mortensen's office and then were driven to Devil's Lake.

After dinner there attended by 160 the group was taken to Wisconsin Dells, took a Dells boat trip, then boarded the train to St. Paul. Wisconsin products were on the guests' menu—from cheese to cigars.